Daily Report

Latin America

FBIS-LAT-95-101
Thursday
25 May 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-101 *25 May 1995*

CONTENTS

CARIBBEAN

Cuba

Citizens Who Emigrate Must Reimburse State for Costs *[Havana Radio]* 1
Alarcon Views Rafters' Departure, U.S. Anti-Immigrant Trend *[Havana Radio]* 1
Alarcon Thanks Helms, Burton for Help Understanding 'Truth' *[PRENSA LATINA]* 1
Robaina, Russian Prime Minister Consider Improving Ties *[Havana Radio]* 2
Robaina, Russia's Kozyrev Meet, Discuss Bilateral Ties *[PRENSA LATINA]* 2
'Crusade' by 'Extremist' U.S. Legislators Viewed *[Havana Radio]* 3
'Difference' in U.S. Policy on Cuba Noted *[Havana Radio]* 4
'Radio Coral' To Open 28 May *[Havana Radio]* 4

Haiti

Further on New List of Approved Candidates for Elections *[Port-au-Prince Radio]* 4

MEXICO

Zedillo: Country Working Toward Healthy Development *[NOTIMEX]* 6
Finance Secretariat on Efforts To Amortize Debts *[REFORMA 23 May]* 6
National Foreign Trade Bank Frees Funds for Enterprises *[EL FINANCIERO 23 May]* 6
Overdue Portfolios Increasing; Banks React *[EL FINANCIERO 22 May]* 7
Education Secretary Opens World Forum on Copyrights *[EL FINANCIERO 23 May]* 9

CENTRAL AMERICA

Guatemala

De Leon On Possible Torricelli Request To Halt Aid *[PRENSA LIBRE 24 May]* 10
Enriquez Admits Army Culpability Possible in Bamaca Case *[LA REPUBLICA 24 May]* 10

Honduras

Central Bank President: Dollarization Not Significant *[EL PERIODICO DE HONDURAS 23 May]* 11

Nicaragua

Editorial: U.S. Fear of Instability No Guarantee for Aid *[BARRICADA 22 May]* 11

SOUTH AMERICA

Argentina

Executive Branch, Congress Tension Heightened Over Patents *[NOTICIAS ARGENTINAS]* ... 13
Di Tella Warns of Possible U.S. Retaliation Over Patent Law *[TELAM]* 14
Mexican Foreign Secretary Arrives on 2-Day Visit *[LA NACION 24 May]* 14
Meets President Menem *[Madrid EFE]* 14

Brazil

Cardoso Sends Army Troops To Occupy Oil Refineries *[AGENCIA ESTADO]* 15
Minister Explains Army Occupation of Refineries *[Rio de Janeiro TV]* 15
Presidential Spokesman on Occupation of Oil Refineries *[Brasilia Radio]* 16
Petrobras Reports on Losses, Production, Resumption of Work *[Brasilia Radio]* 16
Cardoso Refuses To Reschedule Debts of Northeastern States *[FOLHA DE SAO PAULO 21 May]* 16
Senator Terms Cardoso's Northeast Visit 'Disorganized' *[O GLOBO 23 May]* 17
Minister Serra Asks Foreign Companies To Invest More *[O ESTADO DE SAO PAULO 23 May]* 17
Motta on Telecommunications Monopoly's End *[O ESTADO DE SAO PAULO 3 May]* 18
Financial Crisis of Rio State Bank Examined *[GAZETA MERCANTIL 8 May]* 18
Projections Mixed on 1995 Trade Balance *[GAZETA MERCANTIL 27 Apr]* 20

Chile

Insulza: NAFTA Labor, Environmental Norms Supported *[Madrid EFE]* 21
Pinochet Adviser Rules Out Possibility of New Coup *[Madrid EFE]* 21
President, Government Officials: Situation 'Normal' *[Santiago TV]* 22

Colombia

Government To Insist on Cooperation During Gelbard Visit *[Madrid EFE]* 23
Government Announces Measures Against Contraband *[Santa Fe de Bogota TV]* 23
Vice President De la Calle Appointed Ambassador to Spain *[Santa Fe de Bogota TV]* 24
Peace Commissioner: FARC Communique 'Nothing New' *[Santa Fe de Bogota TV]* 24

Peru

Reportage on Alleged Shining Path Bomb Attack 25
Lima Hotel Attacked; Dead, Wounded *[Madrid EFE]* 25
More Explosions in Lima *[Madrid EFE]* 25
Five Dead, 20 Injured in Explosion *[Madrid EFE]* 25
Three Suspects Reportedly Arrested *[Madrid EFE]* 25
Arrest of 1 Suspect Confirmed *[Lima TV]* 25
Resurgence of Shining Path Feared *[Madrid EFE]* 26
Congress Condemns Terrorist Action *[Lima Radio]* 26
Dincote Identifies SL Members *[Lima Radio]* 27
Dincote Arrests Red Path Members *[Lima TV]* 27
Seven Americans Guests at Hotel Reported Safe *[Lima Radio]* 27
Eight Arrested; Being Held by Dincote *[Lima TV]* 28
Conflicting Reports Noted; Shining Path Blamed *[Madrid EFE]* 28

Uruguay

Foreign Minister Discusses Energy Integration in Brazil *[EL OBSERVADOR ECONOMICO 16 May]* 29
Socialist Party Wins Majority in Leftist Coalition *[BUSQUEDA 11 May]* 30

Venezuela

Government Postpones Signing of Anti-Inflation Pact *[Caracas TV]* 30

Cuba

Citizens Who Emigrate Must Reimburse State for Costs

FL2505120095 Havana Radio Progreso Network in Spanish 1100 GMT 25 May 95

[From the "News Summary" segment of "First Thing" program]

[FBIS Translated Text] Due to the high cost in hard currency of the medical tests which the United States and other countries require from Cuban emigres going to those countries, the Cuban Government has decided that citizens seeking to emigrate, must reimburse the Cuban state the hard currency cost of those medical tests. The payment, as well as other services, charged in hard currency to citizens traveling abroad, will be made in the offices which the banks will set up to that effect.

Alarcon Views Rafters' Departure, U.S. Anti-Immigrant Trend

PA2505022895 Havana Radio Havana Cuba in Spanish 0000 GMT 25 May 95

[Report by Marietta Cabrera from the "Evening Information Review" newscast]

[FBIS Translated Text] We now have statements by Ricardo Alarcon, president of the Cuban National Assembly of the People's Government, on the departure of Cuban rafters from Guantanamo Naval Base for Miami.

According to the migration agreements signed by Cuba and the United States on 2 May, the Cuban emigrants who are currently on Guantanamo Naval Base may enter U.S. territory.

Ricardo Alarcon, president of the Cuban parliament and head of our country's delegation to the migration talks, had this to say to our newscast:

[Begin Alarcon recording] I understand they will first complete the transfer of the people they had originally planned to send to the United States, such as minors, women, the elderly, and the sick. There are still people in Guantanamo who fall into these categories. I understand the United States plans to complete the transfer of these people to the United States first, then send the rest following a selection process.

There is a real problem here because, according to a recent survey, people in the United States, including the State of Florida, including Miami, largely reject immigrants. They intend to send these people to the United States in a such a way that the Cubans will not become a burden for the U.S. taxpayer. That is why one of the things they want — and this is directly related to the rate at which these people are departing — is to find support from the local community, from organizations or groups that may be willing to help them, to keep the immigrants from becoming a public burden. [end recording]

Ricardo Alarcon later insisted on the prevailing anti-immigrant feelings in the United States.

[Begin Alarcon recording] These Cuban immigrants will be arriving in the United States at a time when they are not welcome. It is not in vogue in the United States to receive Cubans or Latin Americans. On the contrary, it is in vogue right now not to spend a single penny on any immigrant. [end recording]

Alarcon Thanks Helms, Burton for Help Understanding 'Truth'

PA2405163295 Havana PRENSA LATINA in Spanish 2221 GMT 23 May 95

[By Angel E. Pino]

[FBIS Translated Text] Havana, 23 May (PL) — There are only two options left for this generation of Cubans, to defend the revolution to the death or to return to a past worse than the one that existed here in 1959, Ricardo Alarcon, president of the National Assembly of the People's Government (assembly), stated today.

Alarcon, who is also a member of the Politburo of the Communist Party of Cuba [PCC], thanked U.S. lawmakers Jesse Helms and Dan Burton, sponsors of the bill to intensify the U.S. blockade on the island, for "helping us through that monstrosity" to understand that truth better.

The bill, currently being debated by subcommittees of the two chambers of Congress, would in the future compel a postrevolutionary government to return or pay compensation for the properties nationalized by the revolution which belonged to U.S. citizens or Cubans who later acquired that nationality.

It would take Cuba over 50 years to pay those sums, which U.S. State Department officials estimate at approximately $100 billion.

"We thank Mr. Helms and that [word indistinct] of fascists in Miami for allowing us to reach more easily the heart of every Cuban with that message and its terrible consequences for this and future generations," the Cuban assembly leader stressed.

Alarcon spoke to a large and enthusiastic student audience from the "Ciudad Libertad" school center, a school that used to be a military fortress utilized as a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

base for U.S. soldiers who arrived in Havana during the first U.S. military intervention in Cuba in 1898.

The objective of this event, in which a large number of students and teachers also participated, was to discuss together the content of the bill and its consequences for the island if the U.S. Congress ultimately approves it.

The ANPP president commented on the Senate subcommittee hearing held yesterday and dared the congressmen of that neighboring country to imitate Cuba's example and allow the participation of the U.S. people in that debate.

During that meeting, Helms said he is standing firm in his decision to fight President Fidel Castro and those he referred to as "his allies in the United States," who have voiced doubts regarding the legality of that legislation.

In Alarcon's opinion, in itself the proposal represents "a sign of despair" by ultraconservative sectors in the United States that "are seeing the years go by and the revolution last despite the attacks" it has withstood in its 36 years of existence.

He accused Cuban-born congressmen of being "annexationists" and of defending "the obscure plans" of the ultraconservative sectors of "the fatherland they have adopted" to the detriment of the interests of their country of origin.

In addition, Nancy Chacon, a history professor in that school, stated on behalf of her colleagues that Cuban teachers "will never accept" the ideology of annexation to the powerful northern neighbor.

"Freedom costs dearly," she said, paraphrasing Jose Marti, forefather of Cuba's independence, "and we are ready to pay the price that may be necessary to preserve it."

Raul Cuevas, a professor of the foreign languages department, said many of those present would perhaps never have been born today had it not been for the Cuban revolution.

With the infant mortality levels (over 50 per 1,000 live births) and the average life span we had in Cuba in 1959 (below 61 years old), many of us would not have had the privilege of participating in this debate, he stressed.

After noting that Cuba is not governed by U.S. laws nor from the Congress of that country, Cuevas stated that "we will defend these gains [words indistinct] that may be necessary."

The Helms-Burton bill also includes an international embargo, the reduction of financial aid to countries that do commerce with Cuba, and a ban of imports that contain local products, and will not allow entry into the United States to persons and their relatives who conduct any kind of business with Cuba.

Robaina, Russian Prime Minister Consider Improving Ties

FL2405204795 Havana Radio Rebelde Network in Spanish 1700 GMT 24 May 95

[From the "National Radio News"]

[FBIS Translated Text] Russian Prime Minister Viktor Chernomyrdin met Cuban Foreign Minister Roberto Robaina at the Federal Government Building today. They discussed developments in their respective countries and their outlook on bilateral relations. Both leaders expressed an interest in restoring economic and trade relations, considering the potential that the two nations hold. Robaina discussed Cuban developments and the Cuban people's sacrifices, which have helped them rebound from the end to trade with the socialist bloc in 1989 and helped them put the brakes on a free-falling economy. Robaina said that Russia and Cuba would have to fulfill already established agreements before establishing new agreements if they want to enter a new stage in bilateral relations. Chernomyrdin reconfirmed Moscow's intent to restore economic and trade relations with Cuba based on new realities, for which the necessary judicial basis already exists. Robaina carried out an intense agenda during the third day of his official visit to Russia, including meetings with ministers and party leaders. He also met Russian Patriarch Aleksey II.

Robaina, Russia's Kozyrev Meet, Discuss Bilateral Ties

PA2405045095 Havana PRENSA LATINA in Spanish 2016 GMT 23 May 95

[FBIS Translated Text] Moscow, 23 May (PL) — Cuban and Russian Foreign Ministers Roberto Robaina and Andrey Kozyrev, respectively, held a frank dialogue today during which they exchanged information on the real situations of both countries and confirmed their resolve to reestablish bilateral ties on a mutually beneficial basis.

The head of Cuban diplomacy gave a broad explanation to his Russian colleague of the current outlook of the Caribbean island, the economic reforms undertaken by Havana, and relations with the United States and Latin America.

During the talks, Robaina highlighted the sacrifice of the Cuban people in withstanding the loss of nearly 80 percent of the country's trade with the disappearance of the socialist bloc, which showed the world that there is a real solution to a complex situation.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Cuban foreign relations minister said the dialogue will help break a period of noncommunication that began in 1989 and has lasted for several years and will also confirm the reciprocal interest in adapting ties to the new situation.

We must take steps to fulfill the signed accords; we prefer to speak of a new period when we see the specific results of bilateral commercial exchange, Robaina remarked.

Kozyrev agreed with Robaina on the potential for binational ties and on the need to give continuity to the contacts initiated in New York and the current meeting with a visit to Cuba, which he promised would take place before December.

The Cuban minister today followed an extensive agenda on the second day of his official visit to this capital within the framework of which he met with Oleg Davydov, deputy government chairman and foreign economic relations minister.

Despite Russia's internal problems, the deputy government chairman stressed, Moscow intends to fulfill a policy to reestablish exchange between the two nations and to seek ways to intensify it.

In addition, Robaina was received by Svetlana Shetsova, vice president of the Government Center for International Scientific and Cultural Cooperation, at the headquarters of that institution and in the presence of the maximum leader of the Friendship Society with Cuba, cosmonaut Vladimir Shatalov.

The foreign minister emphasized the capacity for resistance of the Cuban people during the last five years, a difficult period which also served to test old friends, find new ones, and identify false ones.

The schedule of the visit by the head of Cuban diplomacy to this capital included a meeting with businessmen and business circles, to whom he gave an overview of his country's situation and explained the growing interest of foreign firms in investing in the island, despite the pressure and threats of reprisal by the United States.

Robaina also held a fruitful meeting with Vitaliy Serov, minister for cooperation with member states of the CIS.

Later the foreign minister met with dozens of Cubans residing in Russia. Robaina concluded the agenda of his second day by holding talks with communist leaders Gennadiy Ziugarov and Anatoliy Lukianov, including a discussion on the realities of both nations.

'Crusade' by 'Extremist' U.S. Legislators Viewed

PA2305140995 Havana Radio Havana Cuba in Spanish 0000 GMT 23 May 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] The most extremist sectors in the U.S. Congress have rallied around the anti-Cuban Helms-Burton bill to promote the crusade against the greater of the Antilles, in view of the fact that Cubans have been able to survive despite the external factors affecting them. Nevertheless, for the most reactionary U.S. legislators, who are even confronting the realistic position held by some of the people close to U.S. President William Clinton, it is not easy to find arguments to justify the aggressive policy against their Caribbean neighbor.

Cuban Vice President Carlos Lage last week emphasized that today one cannot speak of Cuba's action as an alleged agent of a world communist system, which has simply ceased to exist. Speaking at the ceremony to mark the centennial of the death in combat of national hero Jose Marti, Lage, who is also secretary general of the Executive Committee of the Council of Ministers, said that only the most obtuse and ignorant speak of Cuban intervention in other countries. Today, he said, new pretexts must be used, such as charges of human rights violations.

Lage added: One must ask, has not all Cuba's colossal work been in favor of human rights? It is a fact that for more than 35 years, Cubans have undertaken enormous efforts to apply the most noble principles of social justice, among which, the rights to health, education, and social security stand out. Those achievements are maintained despite the seriousness of the economic crisis, and everything aims to make certain that the current project, which confirms socialism, although with market elements, will continue under that line of principles.

Therefore, even the arguments of the fierce adversaries of the island about the alleged violations of human dignity in Cuba are failing, even though lawmakers Jesse Helms, Dan Burton, Lincoln Diaz-Balart, Ileana Ros-Lehtinen, and Robert Menendez try to ignore it.

A few days ago, Peter Tarnoff, U.S. under secretary for political affairs, told the Hemispheric Affairs Subcommittee that the Cuban authorities have not taken action against the people who want to emigrate or the rafters who returned from the Guantanamo naval base. The diplomats at the U.S. Interests Section in Havana — who are completely free to move about to confirm it — have also not found that the two groups of rafters,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

who were returned to Cuba due to the 2 May migratory agreement between Washington and Havana, have in any way been bothered.

At this stage, it is not easy for Cuba's adversaries to use the same outdated formulas to discredit the work that the majority of the Cubans support.

'Difference' in U.S. Policy on Cuba Noted

PA2405222995 Havana Radio Havana Cuba in Spanish 0000 GMT 24 May 95

[Station commentary read by Norberto Hernandez]

[FBIS Translated Text] The new migration agreement between the United States and Cuba undoubtedly tends to normalize bilateral relations in that important area and marks a difference in U.S. policy on Cuba. It is necessary to recognize that President William Clinton's administration took a very significant step when it actually broke with the policy and rhetoric of the counterrevolutionary mafia of Cuban origin based in Miami, Florida. The violent reaction of these groups upon learning of the contents of the migration agreements is a clear indication that the jackals' sharp sense of smell has detected an atmosphere adverse to their hopes and plans for Cuba. This violent reaction is part of the worrisome situation that has arisen with the Republican Party's victory in the past elections that gave it a majority in both houses of Congress. Spokesmen for that majority have expressed a need for a violent turn to the ultraright in both the domestic and foreign policies of the U.S. Government.

The anti-Cuban bill of Senator Jesse Helms and Representative Dan Burton is within that context. It is considered an attempt to colonize Cuba again and extend U.S. legal jurisdiction to the rest of the world. Following the recent attack in Oklahoma City, the country's has focused on the activities of extremist groups of the right. The existence and activities of certain terrorist groups have surfaced. For example, there is the American Nazi Party, the Michigan Militia, the Arizona Patriots, and similar groups estimated to number about 300 throughout the country. The rhetoric of the extreme rightists, who have radio and television programs, newspapers, and magazines, seems to be among the causes of events such as the Oklahoma incident and the flaky individual who stole an Army tank and terrorized the people of San Diego while crushing some 40 vehicles in his path.

The armed groups of the anti-Cuban counterrevolutionaries in Florida are involved in this wave of violence and ultrarightist propaganda and have turned these activities into profitable businesses. It was about time for them to be put in their place. No legal or any other armed action will be able to bend Cubans' resolve to live in a free and progressive state. Likewise, it is time to recognize this right of Cubans who live on the island and who defend it against aggression. This is not just a few thousand people, like the vociferous ultrarightists of Miami, but nearly 11 million people. The Washington government must deal with and continue to deal with these Cubans. They are the real Cuban people, the people who resist and struggle, who do not bend, and who will never surrender.

'Radio Coral' To Open 28 May

FL2405012795 Havana Radio Reloj Network in Spanish 1957 GMT 23 May 95

[FBIS Translated Text] Radio Coral, Cuba's newest radio station, will open in the mountains of Guama Municipality, Santiago de Cuba Province, on the 38th anniversary of the Combat of [name indistinct] on 28 May. The new station will be the province's ninth and will broadcast four hours daily over 964 kilometers of mountainous terrain with a population of 33,000 inhabitants, located right in the heart of the Sierra Maestra. Programming will include: "Presencia" magazine, which covers social issues; "Horizontes," which covers cultural issues; and optional programs on Sundays. Other economic projects will be inaugurated in addition to the radio station, including a hot springs spa, a coffee growers center, and a pharmaceutical laboratory.

Haiti

Further on New List of Approved Candidates for Elections

PA2405190495 Port-au-Prince Radio Galaxie in Creole 1000 GMT 24 May 95

[FBIS Translated Excerpt] The Provisional Electoral Council [CEP] has published a second supplementary partial list of approved candidates.

1) The independent candidates for the Delmas mayoralty in the Department of the West are: Mauzene Beauvais; Jean-Claude Abelard, another independent candidate for Delmas mayoralty; and Louis Casimir.

2) The National Front for Change and Democracy [FNCD] candidates are: senatorial candidate Jacqueline Thomas; Marcel Baptiste, candidate for deputy in the third district of Port-au-Prince in the Department of the West; Fanfan Victor for the Plaine du Nord mayoralty; Wiltes Mercedat for Estere in Artibonite; Nicolas Saint-Charles for Saint-Michel de l'Attalaye in Artibonite; Rene Jean-Charles for Saint-Marc in Artibonite; Fritz Devalcin for Baron in the Department of the North; and Brunel Demosthene for L'Acul du Nord.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

3) The Assembly of Progressive National Democrats [RDNP] candidates for mayoralty are: Max Michel Clesca for Saint-Michel de l'Attalaye in Artibonite; Principal Julmeus for Grande Riviere de Nord; and Jovenal Fils-Aime for Port-Margot in the Department of the North.

4) The Union of Patriotic Democrats [UPD] newly approved candidates for mayoralties or senators are: Frederic Jean-Laveaux in Artibonite; Jean-Fedner Mike Polynice, deputy for Croix-des-Bouquets in the Department of the West; Kennedy Bernadoive for Aquin in the south; and Murat Jean for the mayoralty of Thomazeau in the west.

5) The National Congress of Democratic Movements [CONACOM] newly approved candidates are: senatorial candidate for the Department of Center Marc Faublas Romulus; candidate for deputy in Artibonite Jacques Ronald Pierre; candidate for deputy in the third district of Ennery in Artibonite, Louis Jean Mezac; and the third mayoralty of Mirebalais in the center, P. Luc Michel.

6) The Lavalas [Political Organization] candidates are: Senatorial candidate Dr. Yvon Toussaint; Francois Madsen, candidate for deputy in Pestel and Beaumont in Grand'Anse; Jean-Wilder Freres, candidate for mayoralty in Cayes-Jacmel, southeast. [passage omitted]

According to a note published with the second list and signed by Anselme Remy, president, and Jessy Chancy Manigat, interim secretary general, the CEP advises the public to standby because it will publish more lists.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Zedillo: Country Working Toward Healthy Development

PA2505013895 Mexico City NOTIMEX in Spanish 1927 GMT 24 May 95

[FBIS Translated Text] Matamoros, 24 May (NOTIMEX) — Mexican President Ernesto Zedillo asserted here today that Mexico is successfully controlling the financial crisis that began last December and is working to achieve permanent development.

"We will not content ourselves with defeating the crisis; we will work resolutely to have an economy that develops on a healthy and permanent basis," the president stated during his working tour of this city in the northern state of Tamaulipas.

Presiding over a ceremony to mark the signing of an employment and productivity agreement, Zedillo observed that the commercial imbalance in the country has been corrected and its public finances and financial markets are growing stronger.

These advances are only stretches of the road we must cover to further a generalized recovery in our productive and employment activities, the president assessed.

According to Zedillo, this is the only way we will manage to achieve prosperity and well-being for all Mexicans, which is the ultimate goal of our economic policy.

In this respect, he asserted that economic stabilization is essential to achieving this goal but added that job creation is also fundamental to its achievement.

Mexico has been facing a financial crisis since last December. The crisis triggered a steep devaluation of its currency and forced the government to implement an emergency economic program, which is being followed according to schedule.

Finance Secretariat on Efforts To Amortize Debts

PA2405200495 Mexico City REFORMA in Spanish 23 May 95 p 13A

[Report by Martha Trejo]

[FBIS Translated Text] According to the Mexican Finance and Public Credit Secretariat [SHCP], Mexico will be able to pay foreign debt amortizations and treasury bonds [tesobonos] obligations for $15.4 billion in the second semester, when they are due.

This amount is less than the $29.7 billion that will be available at the time, however. Consequently, the country's liquidity position will be good enough to meet these payments, the SCHP added.

The resources that Mexico will have in the second semester will come from the foreign debt's refinancing, IMF, the U.S. Treasury's line of credit, and the World Bank.

According to the report, the tesobonos in circulation as of December 1994 amounted to $29.2061 billion. To this date, the balance in circulation is $11.915 billion. This means that $17.2911 billion have been amortized so far in 1995.

Although the report did not mention the exact amount of tesobonos that will be due in the second semester, the amount has been estimated at $9.891 billion. In addition, it has been reported that $404 million will be due during the rest of May and $1.62 billion during June.

The amount to be allocated to amortize the foreign debt in the second semester is $5.509 billion.

For the amortization of more than $17.263 billion in tesobonos so far this year, Mexico used $7.8 billion from IMF and $10 billion from the U.S. Government's financial aid package.

So far, the Mexican government has not waived the $10 billion line of credit available from the International Payment Bank. In addition, Mexico still has at its disposal $10 billion of the U.S. aid plus a similar amount from IMF. Although it has not yet been decided when this money will be released, the SHCP is relying on it for the second semester of this year.

According to the SHCP, at the end of the second semester Mexico will have had $31 billion available to meet obligations for $29.9 billion.

National Foreign Trade Bank Frees Funds for Enterprises

PA2405200695 Mexico City EL FINANCIERO in Spanish 23 May 95 p 23

[Article by Connie Ochoa Gomez]

[FBIS Translated Text] Guadalajara, Jalisco, 22 May — Due to the demands of exporters, the National Foreign Trade Bank of Mexico (Bancomext) has announced it will free more funds for financing direct exports of small and medium-sized enterprises. This will not solve all of that sector's problems, but will make it possible for the situation to start improving.

Likewise, the Commerce and Industrial Development Secretariat (Secofi) ratified its promise to eliminate overregulation and reduce red tape. Beginning this weekend, exporters included in the Temporary Import Program for Exports (Pitex) and the Large Scale Export Companies (Altex) will receive supplies from their

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

small and medium-sized suppliers without the value-added tax (VAT). With the Altex, a second customs inspection will not be necessary and exporters will be able to have a customs broker for one or more companies and for one or more customs agencies.

This was stated by Jose Guadalupe Gonzalez Rubio, president of the Western National Foreign Trade Council, who last week held several meetings with officials of Secofi, the Finance and Public Credit Secretariat [SHCP], and Bancomext, in order to obtain a reply to the sector's demands.

Interviewed by EL FINANCIERO, the leader of the exporters of the west, confirmed the SHCP's rejection of a request by the National Banking Commission that the loans which the banks give for direct exports "not play" in the banks portfolios because, Gonzalez Rubio said, at this moment there is not enough currency to finance all the projects.

He said that Deputy Finance Secretary Jose Sidaoui confirmed that the petition was rejected because despite the fact that the importation projects are previously guaranteed, at any rate, the risk the debt will not be paid is not 100 percent.

Questioned on his return to the capital of Jalisco State, Gonzalez Rubio said that in the meeting which a number of exporters held with the Bancomext General Director Enrique Vilatela, he told them that the institution had begun to free more funds to finance exports, thanks to the placement of $250 million in commercial paper.

Gonzalez Rubio estimates that if Bancomext currently channels approximately $100 million per week toward the financing of export sales, that figure could be increased to $150 million, which, nevertheless, would still be insufficient for the needs of the sector.

Vilatela Riba promised that the financial needs of the small and medium-sized would be a priority.

Among the benefits which the export sector will receive with the new deregulations, the benefit of making multiple supplier operations easier stands out, which will heavily favor the electricity and electronic industries by eliminating the mandatory invoicing and replacing it with the so-called "proof of exportation."

This document, which will be made available by the SHCP, will be issued by the last link in the exporting chain, but more significant is the fact that the document will be the companies's responsibility, that is, no authority, at any level of government, will mediate. Therefore, if any anomalies occur, the company which emitted the document will be responsible for mediation.

Gonzalez Rubio commented that these kinds of measures will make the sale of products for export much easier, which, added to greater financial support will give exporting firms a breather.

Changes to the Altex Decree

— Before, large scale export companies had to present a sales report every six months, now companies will report annually.

— Now each company may have a customs broker for various customs agencies and products.

— Altex suppliers will not pay the VAT, as long as they are either included in the Pitex, are assembly plants [maquiladoras], or export companies.

— The second customs inspection has been eliminated for Altex companies and they will be able to carry out the first inspection in internal customs agencies.

Overdue Portfolios Increasing; Banks React

PA2405155595 Mexico City EL FINANCIERO in Spanish 22 May 95 p 4

[Article by Marcos Chavez M.]

[FBIS Translated Text] Should the rising trend of the overdue portfolio of private banking persist, as was observed during the first trimester of 1995, when it increased by 40.5 percent in real annual terms, difficult to collect credits in the 13 oldest banks of the sector could increase. This increase would be of nearly 17 billion new pesos and could reach a total of 76.6 billion new pesos by the end of the second trimester of this year. The figures come from consultations made by EL FINANCIERO among sector analysts, information released by the National Banking and Securities Commission, and reports issued by financial groups.

Given that the overdue portfolio index (overdue loans as well as current ones) of the 13 banks reached 11.2 percent during the first three months of this year this index could be close to 15 percent by June.

The situation for the banking sector could become even more complex if the credit restructuring process through the Investment Units fails or if it is only partially fulfilled, because institution owners could be tempted to tidy up their portfolios without adopting careful strategies. It could also worsen if the situation of bank debtors does not improve.

By the end of 1994, the gross overdue portfolio for the mentioned banks was 39.739 billion new pesos. This figure increased to 56.672 billion from January to March

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

1995. By June, it could reach 73.6 billion, that is, 40 billion more than in December last year.

Should this figure be reached, the securities portfolio would be deteriorated in half the expected time, because skeptical analysts had predicted early this year a figure between 65 to 70 billion new pesos for all of 1995.

Moreover, this will force banks to expand preventive reserves by another 10 billion new pesos during the second trimester of this year in order to cover 60 percent of the overdue portfolio or 4 percent of the total portfolio.

By the end of 1994, the reserves created by those banks totaled 19.054 billion new pesos. In March, that figure increased to 33.653 billion new pesos, and in June it was about 44 billion new pesos.

Their creation, however, will mean more headaches for bank owners because it is expected that the revenues of intermediaries will be among the lowest since reprivatization.

In fact, the Mexicano, Atlantico, and Confia Banks reported losses during the first trimester and most of them "punished" their revenues and even their capital to increase reserves. Other banks such as Mercantil-Probursa, Oriente, and Obrero have also faced market problems. Fund collection dropped by 10 percent in real terms during the first trimester and the possibilities of obtaining funds internally or externally or of expanding their capitalization through contributions from stockholders are severely restricted.

The situation has been difficult for the banking system. According to Bancomer [Bank of Commerce], the banking sector during the first trimester suffered the consequences of the post-devaluation period, financial volatility, inflationary resurge, recessive environment, and high indebtedness of customers. This was compounded by a four to five-fold increase in the cost of money, deterioration of portfolios, decreased fund collection, and the managerial intervention of certain intermediaries.

These and other factors prompted the government to draft or strengthen various programs to rescue the banking sector (Procapte [Temporary Capitalization Program], Fobaproa [Savings Protection Banking Fund], foreign financial aid, and investment units).

Although they have — at least temporarily — reduced the risk of a banking crisis of greater proportions than the current one, we have not yet avoided the "frenetic spiral" between the overdue portfolio and preventive reserves that not all banks will be able to endure or overcome.

Although it is expected that the most significant deterioration of credit portfolios will take place during the second trimester of this year, their situation should improve during the rest of the year.

Risk reduction, however, will depend on the results of the use of Investment Units (Udi) within the portfolio restructure program. The effects will be noticeable by the third trimester and most of the renegotiations will start in June.

The limits of the restructuring will be established by the ability of the banking sector to overcome a clearly unfavorable environment and by the efficiency and qualities of the policies they adopt to tidy up their portfolios.

Overdue Portfolio and Estimated Reserves Million of New Pesos

	Gross Overdue Portfolio			Preventive Reserve required to cover 60% of overdue portfolio			Pending
	94-IV	95-I	95-II	94-IV	95-I	95-II	
Total	39738.6	56672.4	73606.2	19054.3	33653.4	44163.7	10510.3
Banamex	9189.1	12238.5	15287.9	4606.7	8681.7	9172.7	491.0
Bancomer	8162.0	10885.6	12609.2	3673.7	5163.1	7565.5	2402.4
Serfin	7137.4	11293.7	15450.0	2854.9	7108.5	9270.0	2161.5
Inverlat	2975.8	4320.6	5665.4	1260.9	2284.3	3399.2	1114.9
Bital	3025.3	3788.4	4551.5	1231.5	2341.8	2730.9	389.1
Mexicano	2083.0	9229.0	4365.0	1381.2	1681.8	2619.0	937.2

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

	Gross Overdue Portfolio			Preventive Reserve required to cover 60% of overdue portfolio			Pending
	94-IV	95-I	95-II	94-IV	95-I	95-II	
Atlantico	2035.7	2380.2	2724.7	1114.5	1315.0	1634.8	319.8
Centro	648.2	1032.2	1416.2	338.5	608.8	849.7	240.8
Promex	642.6	1149.5	1656.4	329.9	588.7	993.8	405.1
MMNorte	789.3	1542.7	2296.1	401.1	926.1	1377.7	451.8
Confia	983.5	1715.4	2447.3	526.7	957.0	1468.4	511.4
Banoro	838.9	1317.8	1798.9	588.6	759.2	1079.3	320.1
Bancrecer	1219.8	2278.7	3337.6	788.1	1237.3	2002.6	765.3

Source: Data from the CNB [National Banking Commission] and financial group reports. Second trimester figures are estimated.

Education Secretary Opens World Forum on Copyrights

PA2405233095 Mexico City EL FINANCIERO in Spanish 23 May 95 p 36

[Report by Marco Arroyo]

[FBIS Translated Text] Public Education Secretary Miguel Limon Rojas yesterday opened the World Intellectual Property Organization [WIPO] global forum to debate "Copyrights in the General Information Infrastructure," stating: "It is essential that we establish a proper balance between the need to protect copyrights and the need to make information more accessible to keep the present differences between individuals, countries, and regions from growing larger."

Limon Rojas told a large number of local and foreign copyright experts that for countries, the "information infrastructure" is strategically important in the fields of national security, economic competitiveness, scientific and technological research, education, and health services.

The secretary urged the international copyright experts to make every effort to construct an information infrastructure and to draft adequate regulations to improve communications among countries and bridge the gaps that separate them.

In addition, WIPO director general Apad Bogsch said Mexico's participation in several multilateral treaties proves this country's intense interest in protecting copyrights and associated rights. He said that during the meeting, which will last two days, the 25 attending delegates will discuss methods to store and exploit intellectual works within the framework of the existing new telecommunications instruments.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

De Leon On Possible Torricelli Request To Halt Aid

PA2505024295 Guatemala City PRENSA LIBRE in Spanish 24 May 95 p 2

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio has stated that Congressman Robert Torricelli would be acting unfairly if he asked his country's Congress to suspend military aid to the Guatemalan Army, because the efforts made by the current government to clarify the cases, in which Guatemalan authorities are said to be involved, must be taken into consideration.

He added: I have taken an interest in clarifying the events in the cases of Michael Devine and Efrain Bamaca, which has resulted in the discharge of two Army officers. This is evidence of my efforts.

The president also said that a reward of 100,000 quetzales has been offered for information on the whereabouts of Captain Hugo Contreras, who is currently a fugitive from justice. De Leon Carpio also confirmed that it would be unjust to punish the country when it has shown tangible evidence of its intention to see justice served.

Enriquez Admits Army Culpability Possible in Bamaca Case

PA2505025795 Guatemala City LA REPUBLICA in Spanish 24 May 95 p 5

[Carlos Ajanel Soberanis]

[FBIS Translated Text] Defense Minister General Mario Rene Enriquez yesterday stated that if the military institution bears responsibility for the accusations raised by Specialist Angel Nery Urizar Garcia, who said the Army faked the death of guerrilla Efrain Bamaca, then it must accept it.

"If indeed the Army was to blame for Bamaca's death, it will have to be brave in acknowledging it," the ranking officer stated. He did not, however, rule out the possibility that other people, "military and civilians," may be behind Urizar Garcia.

Enriquez, who did not appear very sure about the way Efrain Bamaca died, although he reiterated his belief that Bamaca died in combat, did not reject the possibility that in the future "another military member with a chip on his shoulder" may turn up to level accusations at the Armed Forces.

Regarding Urizar Garcia's statements, the general said this information must be included with all documents compiled on Bamaca or Commander Everardo. He also stated that the Attorney General's Office must verify the information.

"It is regrettable that a member of the Army should make this kind of accusation, but the prosecutor general's office must determine if they are true or false," he noted.

He not only admitted that Urizar Garcia belonged to the so-called "Elite Shock Group" created by the Army to perform special tasks against guerrillas but also that "he was still on active duty" in the Armed Forces.

"His future will depend on the Attorney General's Office," Enriquez stated after warning that the prosecutor's office will establish if Urizar Garcia will remain under arrest as a war prisoner, deserter, or officer on active duty.

He did not rule out that the Army may suspend Artillery Major Mario Ernesto Sosa Orellana and Edgar Armando Trejo Reyes, commander of the 13-16 Military Zone in Mazatenango, "to clarify their legal situation without the mantle of the Armed Forces."

Last Monday, Urizar Garcia, who affirmed he had been the Army intelligence chief — something Enriquez corroborated — said the Army faked the combat death of Efrain Bamaca, whom he claimed to have seen days after the purported clash during which Bamaca supposedly died. According to Urizar Garcia, Sosa Orellana ordered the murder of another former guerrilla named Cristobal Che Perez, who later belonged to the militias, and passed him off as Commander Everardo. He added that Trejos threatened him to kill him after he began making charges against the military institution.

After acknowledging the damage the Bamaca and Devine cases have inflicted on the Army's image, Enriquez said the armed institution is prepared "to take the beating" so long as the country does not suffer the consequences.

"Things have happened that have harmed the Army's image," he said, stating later that he was referring to the cases of guerrilla Efrain Bamaca Velasquez and U.S. citizen Michael Devine. The defense minister said it was not "nice" that the names of officers had appeared in the "world's major newspapers" charged with murder or concealment.

He did not deny that the cases of anthropologist Myrna Mack and Ursuline nun Diana Ortiz may reemerge in the future, "further damaging the image" of the military institution. "The Army is taking the beating with patience and calm, so long as the country does not suffer," he added.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Honduras

Central Bank President: Dollarization Not Significant

PA2405153995 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 23 May 95 p 50

[FBIS Translated Text] Tegucigalpa — Authorities at the Central Bank of Honduras believe the dollarization level of the Honduran economy is not alarming because savings accounts in lempiras have tripled from last year.

Central Bank President Hugo Noe Pino explained that there is a noticeable dollarization process, but this process is less than 10 percent as substantial as that taking place in other countries.

Noe Pino said "the dollarization process takes place in economies as a result of economic openings — of the globalization or internationalization of the economy — and I do not believe there are dollarization signs here that are evident in countries where all prices are listed in dollars."

He said some signs indicating a tendency toward dollarization have appeared, such as an increase in savings in dollars.

Noe Pino noted: "This is a positive trend. In the past, savers took their dollars out of the country, but now they are demonstrating trust in the system and leaving the foreign exchange here."

As Noe Pino sees it, it is necessary to see the dollarization as an inevitable situation occurring in the context of the opening process.

Another aspect, Noe Pinto said, is that we are facing a very specific situation as a result of a large income from coffee sales and of other unusual income.

Noe Pino explained that it is not inflation that pushes an economy into dollarization. He affirmed: I would not say the Honduran economy is on a speedy dollarization process, although we cannot deny that some prices, like that of house rents, have been set in dollars.

In reporting the Central Bank figures, Noe Pino revealed that until May of this year, savings accounts in lempiras have tripled in comparison with savings in foreign exchange.

He explained that until May, savings accounts in national currency increased to 1.573 billion lempiras, including domestic savings and fixed-term accounts.

The bank president noted that, until 12 May of last year, there were 5.66 billion lempiras in national currency; and by 11 May this year, the savings accounts in local currency had climbed to 7.234 billion lempiras.

The amount deposited in dollar savings accounts increased by only 551 million lempiras, and in his opinion this is not too much.

Noe Pino explained that until May 1994 there were $112 million, or 915 million lempiras, in dollar savings accounts. By May of this year, this amount increased to 1.466 lempiras, or $160 million, an increase of only 551 million lempiras.

Nicaragua

Editorial: U.S. Fear of Instability No Guarantee for Aid

PA2405235695 Managua BARRICADA in Spanish 22 May 95 p 12

[Editorial: "The Torricelli Amendment is a Serious Matter"]

[FBIS Translated Text] To those of us who closely follow U.S. foreign policy on Nicaragua, it is obvious that it is based on four premises: the defense of human rights by government institutions (Army, Police, Justice); the return of or fair and prompt compensation for property confiscated from U.S. citizens during the Sandinist decade; the Nicaraguan Government's assurance of cooperation to control terrorist actions and agents; and securing appropriate measures to locate and neutralize narcotrafficking.

These objectives are achieved through foreign aid the U.S. Government provides the country, either directly or through loans from international agencies, which the U.S. controls. Making this cooperation conditional is justified, according to the State Department because the aforementioned points somehow affect U.S. security and interests.

It is in this context that we must view the bill introduced by Robert Torricelli, a Democratic representative from New Jersey. The bill was recently approved by the Foreign Affairs Committee during the discussion of the Overseas Interests Act, Section 3002. The claims are narrowed down to the Santa Rosa cache (terrorism), punishment for the murderers of Jean Paul Genie and Enrique Bermudez (human rights), and payment for the pending 90 percent of U.S. property claims.

The Torricelli amendment will be confirmed in succeeding House and Senate plenary sessions, respectively. Last year, when a similar amendment was approved, the U.S. State Department "waiver" was suspended, something that will probably not happen again. U.S. Ambassador John Maisto has complained constantly of a lack of progress in the field of justice and attention to the interests of U.S. citizens.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Therefore, we feel the Nicaraguan Government should carefully consider the sanctions if it persists in its policy of postponing solutions to problems that require prompt and effective decisions. The Nicaraguan Government's position is that the State Department will not allow anything to disrupt the stability of Dona Violeta's administration. The government feels as if it has a policy against all risks.

In dealing with the United States, this type of thinking entails a lot of risk. We do not believe that position is realistic: Nicaragua is no longer a necessary pawn in the Cold War.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Executive Branch, Congress Tension Heightened Over Patents

PY2505015695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1707 GMT 24 May 95

[Special report for NOTICIAS ARGENTINAS by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 24 May (NA) — Leaving aside the question of the final form the law on patents on pharmaceutical products will assume upon its promulgation, and the issue of whether Argentina will start paying royalties to foreign companies within five or eight years, the tension between Congress and the executive branch unexpectedly heightened in a nearly startling way. This heightening of tension came only one week after Carlos Menem was voted into office for a second presidential term by a very significant percentage of the vote.

This caused quite a stir among a good number of economic analysts. Some wondered whether the economic policy itself is in jeopardy. Others turned their eyes to [Economy Minister] Domingo Cavallo — who is seemingly to blame for the butting of heads between lawmakers and the Federal Government. And although the president has appointed Cavallo and continues to defend him — and by all indications, he will continue to do so for a long time — some congressmen are suddenly of the opinion that the conflicts between both branches of government are to a large extent due to Cavallo's vehemence in defending his economic policy. It has not yet dawned on the economy minister that the person who supports him and shares his views is none other than the president himself.

Obviously, the first task that the future cabinet chief — probably [Secretary General of the Presidency] Eduardo Bauza — will have to undertake will be to patch up the differences between the executive and legislative branches, something which seems by no means impossible. Nevertheless, the magnitude of the controversy sparked off by the opposition to the Patents Bill — which was undoubtedly rendered more complicated because of the undiplomatic remarks made by a diplomat, the U.S. ambassador to Argentina — is quite disturbing.

Foreign Minister Guido Di Tella has summed up this issue quite well. He pointed out that the debate is no longer over a technical question; it has become a worrisome power struggle. He is not far from the truth. Regardless of whether we begin paying royalties to foreign pharmaceutical companies within five or eight years — which is by no means a trivial question — the simple and undisguised truth is that besides this debate on patents on medicines, there is another bill currently under discussion in Congress — the so-called "labor package," which includes deregulation provisions to render labor laws flexible and the issue accidents at the work place so as to put a stop to endless indiscriminate litigations.

Many lawmakers contend that this will bring about more unemployment, whereas experts insist that labor laws that are not so costly for companies would in fact contribute to the creation of new jobs. This debate has been going on for 12 years. [Former president] Raul Alfonsin [1983-89] could do nothing in this regard — his constant clashes with senators and deputies resulted in the resignation of several labor ministers. Menem did not fare any better at all during his first term of office. It was only to be expected that at the very outset of his second term in office — and with the support of 50 percent of the vote — he would charge at Congress once again.

These first weeks following the election have, however, cast a shadow over the federal government's intentions of squeezing out of Congress these laws that have to do with the deep structural changes that Argentina needs in order to keep pace with the current international situation.

Meanwhile, given congressional opposition to the issue of patents on medicines, the prevalent feeling abroad following the initial exultation over Menem's success at the polls is one of let us "wait and see." This was clearly seen over the last few days at the Buenos Aires Stock Exchange, where, after an initial rally, share prices suffered a relapse due to the aforementioned difficulties. It is feared that this will constitute a new reason for a delayed inflow of capital into the country. [U.S.] Ambassador [James] Cheek spoke of retaliations, and even though the United States knows that Menem and Cavallo agree with the international position, it fears that their opinions do not carry much weight with Congress. This would be necessary in order to effect all these delayed structural changes, despite the fact that, oddly enough, the ruling party will have its own quorum when the new Menem administration assumes office [on 8 July]. Is the economy policy at risk? It does not seem so. The head of state will have to rebuild the deteriorated relations between Congress and the executive branch. It all leads one to conclude that — sooner or later — he will manage to do so.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Di Tella Warns of Possible U.S. Retaliation Over Patent Law

PY2505021095 Buenos Aires TELAM in Spanish 2305 GMT 24 May 95

[FBIS Translated Text] Buenos Aires, 24 May (TELAM) — Foreign Minister Guido Di Tella has estimated that U.S. trade sanctions against Argentina as a result of the Argentine patents legislation could affect large exporters to the tune of $300 million.

The foreign minister asserted: "If the United States considers that its losses for uncollected royalties amount to $300 million, it might, as a countervailing measure, increase its tariffs to obtain a comparable amount in revenues. This would affect Argentine exporters."

Di Tella made these remarks during a ceremony held at the Libertador Hotel this afternoon to present ARCHIVOS DEL PRESENTE [Current Archives], a magazine dealing with foreign policy issues.

The foreign minister acknowledged that the attitude of the U.S. Government is "unfair and outrageous," but he said, ironically, that "at this time in my life, I cannot just begin to discover that the world is inequitable."

"From a quixotic standpoint, some may argue that one ought not to bow to pressures, but the fact of the matter is that pressures do exist, and the important thing is to come up with the response that best serves national interests," he pointed out.

Asked about what effects the enforcement of Article 301 of the U.S. Commerce Act would have on Argentina, Di Tella replied: "I am not saying that this will come to pass; I am saying that it may occur."

The foreign minister explained that "if we fail to reach an agreement in the next 70 days, the Americans will assess the damage their companies are suffering and, in 15 days or a month, they will increase tariffs levied on Argentine exports until they obtain a comparable sum."

For this reason, he pointed out that "large exporters are at present the ones who are the most panic-stricken of all." He did not rule out the possibility that they would also "start lobbying — like Argentine pharmaceutical companies — for an amendment to the [patents] law."

Di Tella further stated that "the United States is not the only one" to exert pressure on account of the subject of patents. "Even though it is not frequently mentioned, the EU is also" pressuring Argentina to settle the question of patents.

Mexican Foreign Secretary Arrives on 2-Day Visit

PY2505033095 Buenos Aires LA NACION in Spanish 24 May 95 p 10

[FBIS Translated Text] Mexican Secretary of Foreign Relations Jose Angel Gurria arrived in Argentina on 23 May for a two-day official visit. He will hold meetings with Argentine authorities to discuss the strengthening of political communication between both governments and ways to enhance trade and economic relations.

Gurria, who will be received by President Carlos Menem today, will convey Mexican President Ernesto Zedillo's congratulations to the Argentine head of state on his electoral victory.

Following this meeting, Foreign Minister Guido Di Tella will host a luncheon in honor of his Mexican counterpart, after which Gurria will hold a news conference.

At 1700 local time, the Mexican foreign secretary is to meet with Economy Minister Domingo Cavallo, and at 1830, the Mexican visitor is to deliver a speech on "Mexico's Foreign Policy and Its Relations With Latin America" at the Argentine Council for International Relations (CARI). [Democratic Center Union Deputy] Alvaro Alsogaray will present Gurria as the keynote speaker.

Considering the Mexican foreign secretary's educational background — he has a bachelor's degree in Economics, a master's degree in finance from the UK University of Leeds, and another master's degree, in financial management, from Harvard University — it is thought that he will not only expound his political views, but also discuss economic matters, especially in light of the fact that the economic measures taken by his country caused a great commotion in Latin America.

Meets President Menem

PY2505035095 Madrid EFE in Spanish 2157 GMT 24 May 95

[FBIS Translated Text] Buenos Aires, 24 May (EFE) — Mexican Secretary of Foreign Relations Jose Angel Gurria met with Argentine President Carlos Menem at Government House today. Gurria thanked Menem for his expressions of "support and solidarity" toward his country.

Gurria brought with him a letter of congratulations sent by Mexican President Ernesto Zedillo to the Argentine head of state for his victory in the 14 May elections.

Menem and the Mexican official analyzed Latin American political issues and how to increase trade and improve the scientific- technical relations between the two countries through cooperation projects.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

With respect to his meeting with Economy Minister Domingo Cavallo, Gurria said it was "basically" "a courtesy visit to a friend."

"I mentioned to Cavallo the progress we have made in Mexico so that he can rest calmly and forget about any contagious effect that might hurt President Menem's economic measures because of bad situations in other markets," Gurria said.

Gurria, Argentine Foreign Minister Guido Di Tella, and Cavallo reviewed the economic agreements signed by Mexico and Argentina, as well as Mexico's agreements with other Common Market of the South (Mercosur) member countries, that is, with Brazil, Paraguay, and Uruguay.

Gurria is touring Latin American countries. His tour began in Ecuador and will continue in Brazil and Chile.

Brazil

Cardoso Sends Army Troops To Occupy Oil Refineries

PY2405134195 Sao Paulo AGENCIA ESTADO in Portuguese 1222 GMT 24 May 95

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 24 May (AE) — The Army Social Communication Center has announced that it was President Fernando Henrique Cardoso who ordered the occupation by Army troops of four refineries (one in Parana State and three in Sao Paulo State). The occupation seeks to protect these facilities and to guarantee that they continue operating. While Army troops are inside the refineries, military police personnel are on guard outside. There have been no reports as to how long the occupation will last or how many personnel have been mobilized.

Army Minister Zenildo Lucena has postponed a scheduled trip this morning to Porto Alegre in order to supervise the start of the operations from Brasilia. The Southeastern Military Command is coordinating the operation. The Rio de Janeiro-based Eastern Military Command is not scheduled to participate in the operation which is working satisfactorily. The Army Ministry recommends that the troops avoid any confrontation with strikers.

Minister Explains Army Occupation of Refineries

PY2405214495 Rio de Janeiro Rede Globo Television in Portuguese 1549 GMT 24 May 95

[Address to the nation by Mines and Energy Minister Raimundo Britto — live]

[FBIS Translated Text] Ladies and gentlemen:

I am here to set the facts straight and to explain the administration's position on the oil workers strike, which is already in its 22d day. The strike is causing economic losses and creating many problems for the people.

In September 1994, the Superior Labor Court [TST] laid down the rules regulating relations between Petrobras [Brazilian Petroleum Corporation] and its workers. These rules will not expire until August 1995. Despite these rules, union leaders have led the oil workers to call a strike.

As is known, in its 9 May decision, the TST ruled that the wage demands of the oil workers are inappropriate. The rules laid down by the TST in September 1994 will remain in force until 31 August. Petrobras has complied with all of these rules.

Furthermore, upon concluding that the union leaders failed to meet the legal requirement of maintaining at least 30 percent of the workers in normal activity in each Petrobras facility, the TST ruled that the strike is illegal and ordered that the oil workers return to work immediately.

Once again, the union leaders failed to comply with the court decision, thus hurting the workers themselves. Unfortunately, some oil workers have already been dismissed, while many others will not be receiving a paycheck tomorrow, 25 May.

The unions' attitude of disobeying a court order provokes concern and reflects a disregard toward the Brazilian people. Yet, we cannot generalize because thousands of Petrobras employees working in the administrative, research, transportation, and oil field areas have returned to work. The oil workers of the Manaus and Minas Gerais refineries have guaranteed the operation of their respective units. Some of the workers at the Bahia, Rio Grande do Sul, and Ceara refineries have at least ensured the partial operation of their facilities.

Last night and early today, hundreds of oil workers decided to resume operations at the refineries of Capuava, Paulinia, and Vale do Paraiba in Sao Paulo, and the Araucaria refinery in Parana. Army troops have been called only to ensure that the workers return to work without incident. The return of these oil workers to work is a sign of common sense, responsibility, respect for the laws, and, in particular, a sense of commitment to the public. This is a longtime tradition of the oil workers who built the great enterprise that Petrobras is today and who have rendered such good services to the nation.

We are undergoing a situation from which no one should emerge as winner or loser. It is simply a question of obeying a court decision and of ensuring that the public

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

sustain the least possible damage. Thus, I call upon all oil workers who have not yet returned to work to follow the example of the large majority of workers who are already working. That is an example to be followed. I assure everyone that Petrobras is open to talks, which will take place as soon as the oil workers comply with the court order. The time has come to end the strike. No one is winning with the strike. Through dialogue and understanding, we will all win. This is what the entire nation expects us to do. Thank you very much.

Presidential Spokesman on Occupation of Oil Refineries

PY2405233595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 24 May 95

[FBIS Translated Text] Planalto Palace spokesman Sergio Amaral said that the government does not intend to occupy the oil refineries in Cubatao in Sao Paulo and Duque de Caxias in Rio de Janeiro.

According to Amaral, the Army troops are in refineries where oil workers are returning to work. He added that the Army will not intervene in the Cubatao and Duque de Caxias refineries because workers are not returning to work there. The government only wants to establish a dialogue, he said.

[Begin Amaral recording] The government is not seeking a confrontation with the oil workers. The government only wants the rules of democracy and the law to be respected. There is no intention to engage in a confrontation. On the contrary, the government seeks a dialogue and understanding. There is no reason to make comparisons with what happened in Volta Redonda because no incident has taken place so far and there is no reason for an incident to take place. [end recording]

According to the presidential spokesman, fuel production doubled since yesterday. This means that 450,000 barrels of oil are being processed daily. He added that 34,100 workers from Petrobras [Brazilian Petroleum Corporation] have already returned to work.

The refineries in Manaus, Fortaleza, Bahia, Minas Gerais, Rio Grande do Sul, Vale do Paraiba, and Capuaba are operating on either a total or partial basis. However, the refineries of Cubatao and Duque de Caxias are at a standstill. Equipment at the Paulinia and Araucaria refineries is undergoing changes, and production has not resumed yet.

Petrobras Reports on Losses, Production, Resumption of Work

PY2505000295 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 24 May 95

[All figures as heard]

[FBIS Translated Text] Petrobras [Brazilian Petroleum Corporation] has released a message reiterating that the reason for calling the Army troops was to ensure the workers' right to return to work and to guarantee the safety of the installations. According to Petrobras, the Army intervention today was carried out in an atmosphere of total normalcy.

Petrobras denied any plan to ration fuel as a consequence of the oil workers' strike. National expenses for the importation of oil by-products during the 22-day oil workers' strike amount to $150 million. This was reported by Petrobras President Joel Mendes Renno, who denied that the company had sent the government a fuel rationing plan as a consequence of the oil workers' strike.

Renno views the occupation of four oil refineries by Army troops as a measure of support and security to guarantee the right of those who want to return to work. According to him, the measure has already shown results, given that operations at only two of the nine Brazilian oil refineries — Cubatao and Duque de Caxias — are at a standstill.

Of the more than the 47,000 Petrobras employees, 34,000 workers, that is, 35 percent, have already returned to work. Petrobras also guarantees that oil production currently stands at 269,000 barrels of oil per day, which represents 36 percent of national production on normal working days. He added that 450,000 to 500,000 barrels of oil are being processed per day, while normal production should be 1,500 barrels of oil per day.

Renno also said that of the nearly 47,000 Petrobras employees, 10,300 will not receive any payment this month because the 22 days not worked as a result of the strike were deducted from their salaries.

Cardoso Refuses To Reschedule Debts of Northeastern States

PY2305161995 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 May 95 Section 1 p 13

[Report by William Franca in Natal]

[FBIS Translated Text] President Fernando Henrique Cardoso turned down on 19 May a petition to reschedule the debts of the northeastern state governments to the Federal Government.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The petition was presented to Cardoso by Rio Grande do Norte Governor Garibaldi Alves (PMDB) [Brazilian Democratic Movement Party] during a dinner he held with political leaders. According to Alves, his state will have to use 15 percent of its revenues to pay its debt to the federal government.

Cardoso responded by noting that the large states, which are the large debtors, are those that represent a major problem for the federal government.

Cardoso mentioned the case of Sao Paulo, and noted that if he agreed to reschedule the debt of the northeastern states he would have to do the same with Sao Paulo, which he could not do because of the volume of its debt.

The president said that the best way to solve this problem would be to reinvest in each state the amounts paid by that state.

In this way, Cardoso said, as the state pays its debt it will receive these payments back through specific projects.

Alves said: "This is not everything that we wanted, but at least it puts an end to the debt rescheduling story that was 'snowballing' in Brasilia offices."

In response to a request for approval of the project to divert the course of the Sao Francisco River, Cardoso said that this decision will have to be based on studies.

Senator Terms Cardoso's Northeast Visit 'Disorganized'

PY2405164995 Rio de Janeiro O GLOBO in Portuguese 23 May 95 p 3

[FBIS Translated Text] Speaking before the Senate plenum, Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] yesterday criticized President Fernando Henrique Cardoso's visit to the northeast. Commenting on a speech by Senator Joel de Hollanda (PFL-PE) [PFL-Pernambuco] praising Cardoso's visit, Magalhaes described the visit as "disorganized," and said that contrary to what was expected, Cardoso did not announce any major project for the northeastern region.

Magalhaes, who is the main PFL leader, said: It was fitting for the president to go to Sudene [Northeast Development Superintendency] to state that he has transformed both Sudene and the region. Yet nothing has been changed, neither Sudene nor the region.

Magalhaes described Sudene as "a totally decrepit organization that is not rendering any service to the northeast." Magalhaes charges that in addition to a lack of projects and the administration's inefficiency regarding the northeast, Cardoso's trip was not well organized. He was thus alluding to Planalto Palace officials, who excluded such people as Senator Ronaldo Cunha Lima (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba] from the presidential entourage.

Magalhaes added: The president did not take with him some of the main northeast leaders in the Senate and the Chamber of Deputies. This disorganized trip benefited neither the northeast nor the president.

Despite concurring with most of Magalhaes' criticism, Senator Hollanda still contended that the trip "was positive."

Planalto Palace spokesman Sergio Amaral said Cardoso's trip was not designed to announce large projects.

Amaral said: In the area of irrigation projects alone there are 50 large unfinished projects.

Minister Serra Asks Foreign Companies To Invest More

PY2405144695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 May 95 p B9

[Article by Odail Figueiredo and Carlos Franco]

[FBIS Translated Text] Brasilia — The administration yesterday asked the executives of leading foreign companies based in Brazil to help maintain economic stability by increasing both exports and their investments in Brazil, and by reducing their remittances of profit abroad. Planning Minister Jose Serra made the request to 18 businessmen who had lunch with him, President Cardoso, and six cabinet ministers at Alvorada Palace.

The administration seeks to expand foreign investments in order to finance growing imports and thus balance the balance of payments. With the external accounts balanced it will be easier to maintain the real exchange rate in relation to the dollar without having to resort to the high interest rates now charged by the Central Bank. These rates are detrimental to economic growth.

The businessmen referred precisely to the interest rates as one of the hurdles preventing them from increasing their investments in Brazil. They noted that the overvaluation of the real is another problem that is causing Brazilian exports to become less competitive on the international market.

Despite the complaints, Serra believes there are ways for multinational companies to improve the figures of their own external accounts. For instance, he mentioned that Fiat, one of the companies represented at the meeting, sent a total of $500 million abroad in 1994. A large portion of this amount accounted for payments for imported cars. Also discussed at the meeting was the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

status of the constitutional reforms and of privatization program.

The following businessmen attended the meeting: Augusto Diniz (American Chamber of Commerce), Enrico Misasi (Olivetti), Felix Bulhoes (White Martins), Hermann Wever (Siemens), Jean Claude Breffort (Saint Gobain Group), John Mein (American Chamber of Commerce of Sao Paulo), Norbert Gmuer (Ciba Geigy), Paulo Galvao Filho (Klabin), Robert Christopher Lund (Lund Group), Robert Cook (Unisys), Roberto de Andrade (Brascan), Rolf Leven (Bosch), Silvano Valentino (Fiat), Tarcisio Neviani (Italian Chamber of Commerce), Willem Goebel (Shell), William Beith (British Chamber of Commerce), and Shigeaki Tsutuni (Itochu).

Motta on Telecommunications Monopoly's End

95SM0331D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 May 95 p B5

[Article by Denise Neumann: "Privatization May Start This Year"]

[FBIS Translated Text] The administration may act as early as the second half of this year to relax the telecommunications monopoly. Minister of Communications Sergio Motta said yesterday that he expects the National Congress to pass, by June, the constitutional amendment that opens this sector up to participation by private capital.

"After that approval, we will immediately implement a transition scenario that includes setting up innumerable bidding competitions in the fields of cellular telephony, data communications, and satellite access," Motta announced to an audience of businessmen from the electronics industry. He insisted he already has President Fernando Henrique Cardoso's approval to open these competitions.

Later in his speech to the businessmen attending the ABINEE-Tec Forum 1995, sponsored by the Brazilian Electronic Industry Association, Motta said "it is a fairy tale, a joke, to say that the telecommunications system in Brazil is democratic." He noted that 96 percent of the telephones serve only that segment of the population whose monthly income exceeds $1,000—that is, the people the IBGE [Brazilian Institute of Geography and Statistics] would classify in Classes A, B, and C.

Under the communications minister's plans, if the constitutional amendment passes by June, then the administration will open competitions in the three fields he mentioned, where service does not depend on the geographic monopoly now in effect. Then he will start preparing Telebras [Brazilian Telecommunications, Inc.] subsidiaries for privatization.

Firms May Boost Investments This Year

The optimism expressed by Minister of Communications Sergio Motta about the possibility of starting the process of easing the government monopoly in telecommunications before the year is out proved contagious to the businessmen. The president of Alcatel Telecommunications, Manoel Octavio Pereira Lopes, said the company may increase the level of its investments for the year, now planned at $30 million.

"Those funds were intended only to handle investments by the public sector, budgeted at $4 billion for 1994," he explained, adding that the company may participate, in partnership with other firms, in these competitions.

Salvador Perrotti, president and CEO of CBB-Instrumentation and Controls, another supplier to the telecommunications sector, said the private sector will not feel the effect of the relaxation until next year, even if the competitions begin at the end of this year. Lopes said private-sector participation in this segment of the industry would raise total 12-month investments in the sector from $4 billion to $8 billion.

Financial Crisis of Rio State Bank Examined

95SM0340A Sao Paulo GAZETA MERCANTIL in Portuguese 8 May 95 pp B1, B3

[Article by Ana Lucia Magalhaes: "Banerj Situation Grows Worse"]

[FBIS Translated Text] Rio de Janeiro—Under intervention by the Central Bank since 29 December 1994, Banerj (Rio de Janeiro State Bank) is in its death throes with an operating deficit of between 600 million and 700 million reals and daily losses of $1 million. Administrative problems and problems with loans of poor quality have helped push the Rio state bank downhill.

Last month, deputies making up the legislative investigating committee [CPI] established by the Rio de Janeiro Legislative Assembly to investigate the reasons for the intervention, along with the Central Bank investigating committee that is looking for possible irregularities at the bank, did nothing but gather reports, some documented, of irregular actions that had been occurring.

Doubtful Loans

The members of the CPI and those on the Central Bank's investigating committee are in possession of documents whose contents, besides making any citizen's hair stand on end, also provide a partial explanation of Banerj's problems. One of the most talked-about cases, although it does not involve a great deal of money,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

concerns the loan granted by the bank's management—-against the advice of its Loan Department—to Cirplac (Printed Circuits, Inc.), which owes 1.9 million reals.

During the transaction in question, that firm belonged to a man who had been director of human resources at the bank during the first Brizola administration, Jose Manuel de Abreu Pita Pombo, and Tomas Agostinho de Abreu Pita Pombo. On 22 October 1992, the Castelo branch of Banerj received a loan application from Cirplac, which wanted to borrow 245,000 cruzeiros (at 1992 money values).

Cirplac was in an unfavorable situation, however: The record showed that on 24 January 1991, the company had been included on a list of loans being written off as uncollectible by DesenRio, the agency that preceded the Rio de Janeiro State Development Bank (BD-Rio). It was also revealed that Serasa had 70 bad credit reports on file, the largest of them dated 3 December 1991 and totaling 18,202,928.91 cruzeiros.

After examining the application, Banerj's Loan Department submitted a report dated 10 November 1992 in which it said, and we quote, that "the firm's balance sheet dated 31 December 1991 showed it to be in an unsatisfactory economic-financial situation, as was also the case in fiscal 1990, with a high level of short- and long-term debt."

The report also emphasized that the high value of the firm's fixed assets had resulted in positive monetary correction and a consequent reduction in the net loss. "In view of the above, even though it involves an operation authorized by the Office of the Vice President of Operations/Office of the President-Operations Directorate 1 on 9 October 1992 and now completed, we report that the application does not satisfy the conditions for granting a loan."

A week later, despite that, the Loan Committee approved the loan over the stamp and signature of Vice President Raphael Perez Borges.

Firm Closed

As Banerj's Loan Department had warned, the firm's situation was very bad, and it ended up being closed last year, leaving behind a trail of debts owed not only to the bank but also to many of its employees. Located in Jacarepagua in Rio's Western Zone, Cirplac, a manufacturer of printed circuits, had once had over 100 employees.

At the site where the plant was located, there is no trace of the fact that it once operated there, if one excepts a cardboard box left outside by a Sao Paulo supplier of electronic components and intended for Cirplac Technology, which belongs to Cirplac Printed Circuits, Inc., and operates nearby with fewer than 10 employees.

The firm has not belonged to Jose Manuel de Abreu Pita Pombo and Tomas Agostinho de Abreu Pita Pombo since the beginning of 1994. According to former Cirplac employees, it now belongs to attorney Antonio Carlos F. Lopes, who has been fighting for months to recover overdue labor payments and wages. They say that the Cirplac building was given to Banerj in payment of debt, while several items of what the employees say is high-tech equipment are being taken away and other items, such as the cooling system, have been stolen.

The building is in fact completely abandoned, with no security guards and with nothing but brush growing up around it. The telephones have been disconnected, according to Telerj [Rio de Janeiro Telecommunications], the state telephone company.

When this newspaper made efforts to contact them, Cirplac's former owner, Pita Pombo, and its current owner, attorney Antonio Carlos, could not be located. In Pita Pombo's case, the telephones listed under his name in the Telerj directory have been disconnected, according to Telerj itself.

Guararapes Diesel

Other instances of loans granted without the approval of Banerj's technical departments have been reported to the Banerj CPI and the Central Bank's investigating committee. One of them was to Guararapes Diesel in Pernambuco. Neither the Loan Department nor the Managers Committee (Coger) approved the application submitted through the bank's Recife branch on 9 March 1992. That application was for 150,000 cruzeiros in the money values of the time, and it was given the green light by Banerj management nearly a month later.

The Loan Department examined the company's billings and felt that the applicant presented too much risk. To make things worse, documents in the possession of the Banerj CPI show that on 27 May of that same year, Operations Directorate IV, headed at the time by Jose Queiroz de Lima, approved a loan of 3 billion cruzeiros on the strength of loan guarantees given by the firm's stockholders—Carlos Joubert Guedes de Miranda and Anisio Guedes de Miranda (principals)—and a mortgage on real property owned by them.

In that episode, the state bank's Loan Department had opposed the loan not only because of the firm's small size in relation to the amount it wanted and the fact that the contracts signed by the applicant were for investments in Paraiba State but also because of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

terms of the loan as requested (a discounted promissory note and credit in its checking account), the existence of due but unpaid debts to the Banerj Integrated System (SIB), and the absence of favorable reports by the branch and the Operations Department.

"The application does not satisfy the usual conditions for approval," said the members of Loan Department on 19 May 1992. On that same date, Coger also recommended rejection of the application, but a week later it ended up being approved by the bank's management. The amount of the debt—600,000 reals at today's money values—has now been written off as a loss.

The deputies on the Banerj CPI are in possession of reports stating that in addition to the Cirplac case, there are a number of operations that, although included among the bank's assets, require close attention because they may end up being added to the list of loans granted on the strength of information regarded as not satisfying the conditions for loan approval. They reportedly include Olvebra Industrial, which owes 9.6 million reals, and Enxuta, Inc. (not the manufacturer of household domestic appliances of the same name), which owes 900,000 reals. There are also loans that have already been renegotiated many times, according to members of the Banerj CPI, one example being that owed by Mendes Junior Steel, Inc. (7.5 million reals).

Projections Mixed on 1995 Trade Balance

95SM0327A Sao Paulo GAZETA MERCANTIL in Portuguese 27 Apr 95 p B-4

[Article by Isabel Dias de Aguiar and Rolf Kuntz: "Decline in Dollar Facilitates Trade Surplus"]

[FBIS Translated Text] An analysis made by experts from the Central Foundation for Foreign Trade Studies (Funcex) indicates that the 5.8 percent exchange devaluation implemented in March helped reverse the deterioration in the competitiveness of Brazilian products abroad. Coupled with the effects of the dollar's decline on the international market, the action should lead to a trade surplus on the order of $2 billion, a projection termed "moderately optimistic" by Funcex experts.

The study, published this month in the Funcex Exchange Bulletin, does not reflect the opinion of most businessmen associated with foreign trade. Giulio Lattes, director of the Foreign Trade Department (Decex) of the Sao Paulo State Federation of Industries (FIESP), said the decline in the competitiveness of Brazilian products on the world market is still "dramatic." In his view, it will be very hard to reverse the $3 billion deficit recorded in the past six months without modifying the exchange policy.

According to his department, which looked at the effects of the appreciation in the value of Brazil's currency on foreign sales from September to February, there has been an overall decline of 29.08 percent in export volume. Industrialized products are down by 23.72 percent, semimanufactures by 25.21 percent, manufactures by 23.28 percent, and basic products by 44.26 percent.

Lattes said the Central Bank's foreign exchange policy is contradictory. "Exchange policy must be executed, not announced," the businessman said. He complained that the bank had announced that the higher exchange band beginning in May would be R0.98, but then fixed it at R0.93. Lattes insists that at R0.98, Brazil's exports would give the administration the desired $5 billion surplus.

This opinion by the FIESP director was challenged by Luis Paulo Rosenberg, an economist who participated in the seminar sponsored by Funcex yesterday in Sao Paulo and who presented an extremely favorable forecast concerning the performance of the trade balance for the current year. According to Rosenberg, the exchange rate is an important instrument supporting the Real Plan and must not be changed. Furthermore, he said, companies have gained in productivity because of currency stability, and this increases their competitiveness on the world market.

A study done by Funcex supports Rosenberg's argument. Production of foodstuffs, paper and cellulose, fuels, iron, steel, and chemicals products is intensive and so their cost structures make it possible to compensate for the rise that occurred in recent months in labor and services costs. Furthermore, companies benefited from the appreciation in the value of the currency and were able to purchase raw materials abroad.

Roberto Giannetti da Fonseca, vice president of Funcex, does not believe that a decline in the pace of imports would permit a trade surplus to develop this year. "The devaluation had no effect whatsoever," he said.

Foreign Investments May Rise

The Mexican crisis ought not interrupt foreign investments in Brazil's production sector, according to a prediction made by economist Octavio de Barros, the technical director of the Brazilian Society for Study of Transnational Companies and Economic Globalization (Sobeet). In contrast to the forecasts made by foreign institutions, which expect a significant decline in the value of funds earmarked for Latin American countries, Barros thinks there will actually be growth in direct investments in Brazil. He believes the Mexico effect has already been overcome.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The globalization of the economy and the gradual internationalization of Brazilian companies should contribute to that result. Barros thinks that some $3 billion will enter Brazil this year as productive investment—$500 million more than in 1994. Recovery from the damage caused by the exchange crisis has been speedy. Data gathered by Sobeet, based on reports of foreign exchange contracted at the Central Bank between January and March, indicate that $654 million entered the country during that period.

The economist said that many institutions and analysts are mistaken, and even ill-intentioned, in their interpretations of the funds earmarked for Latin American countries. Many of the investments are made in the form of loans between parent companies and their subsidiaries in the so-called "emerging nations." Those funds are counted as debt, when they are actually destined for production. Furthermore, he said, they fail to count reinvestment, i.e., the proceeds of the conversion of foreign debt and investments in assets, such as the transfer of machinery and equipment to subsidiaries in Brazil.

Brazil enjoys a privileged position in the competition for foreign funds, Barros believes. "Of the world's 500 biggest companies, 372 are present in Brazil. Furthermore, 82 of the 100 biggest are already here and fully aware of the potential of the Brazilian market." The economist said, in a lecture given at a seminar sponsored by Funcex yesterday in Sao Paulo, that financial globalization spurs productive investments. In his opinion, despite the inherent risks, speculative capital stimulates investments because most plans for setting up or expanding companies call for financial engineering products with minority shareholding and placement of private securities on the market.

Chile

Insulza: NAFTA Labor, Environmental Norms Supported

PY2505033795 Madrid EFE in Spanish
1824 GMT 24 May 95

[FBIS Translated Text] Santiago, 24 May (EFE) — Chilean Foreign Minister Jose Miguel Insulza today said that his country complies with the labor and environmental norms of the NAFTA; therefore, Chile is not interested in signing the corresponding annexes.

The inclusion of the two NAFTA annexes in the fast track mechanism, or its separate treatment by the U.S. Congress, has been the source of a debate between President Bill Clinton's administration and the Republican majority in Congress, which wants a separate treatment for the subject.

According to Insulza, this debate should not worry Chile because its laws comply with the labor and environmental demands of the two NAFTA annexes.

The Chilean Government is therefore not worried about the possibility that joining the NAFTA would impose on Chile the need to sign both the treaty and the two annexes, said the Chilean foreign minister.

Insulza also expressed his satisfaction at the support for the inclusion of Chile in the NAFTA expressed by Newt Gingrich, Republican leader in the House of Representatives. Insulza said that in general terms, Chile's joining the NAFTA has majority support in the United States.

The current different opinions in the U.S. Congress only refer to the different alternatives that the fast track — which was requested by President Clinton — could have in the Congress, said Insulza, who added that "this is not our problem."

The fast track, which allows the U.S. Administration to negotiate trade agreements, prevents the legislators from modifying them at the moment of ratifying them and forces them to either completely approve or reject them.

Regarding the eventual possibility that Chile would separately sign the labor and environmental annexes, Insulza reiterated that the issue does not worry the administration in Santiago, and he added that Chile is currently neither optimistic nor pessimistic.

"We are simply observing how things are going and waiting to attain some progress at the next meeting of ministers," he said, referring to the meeting that will take place in Toronto, Canada on 7 and 8 June.

This meeting has been labeled as the official start of negotiations for the entrance of Chile into the NAFTA, negotiations that could conclude by the end of the year if the U.S. Congress so authorizes through the fast track mechanism requested by the Clinton administration.

Chilean Finance Minister Eduardo Aninat will represent Chile at the Toronto meeting.

Pinochet Adviser Rules Out Possibility of New Coup

PY2505033595 Madrid EFE in Spanish
1959 GMT 24 May 95

[FBIS Translated Text] Santiago, 24 May (EFE) — Retired Chilean Army General Jorge Ballerino, former adviser to General Augusto Pinochet and one of the military officers with more political influence in the country, today ruled out the possibility of a coup or any Army reaction as a consequence of the court decision on the Orlando Letelier case.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Any Army reaction would be a contradiction "because the Army fought to see that court decisions were respected," Ballerino, former head of General Augusto Pinochet's advisory committee, said during an interview with the private television network "Megavision."

With respect to recent meetings of high-ranking Army officers, Ballerino said that "they should not be interpreted as meaning anything special, because such meetings are routinely held, and they have an informative purpose."

Ballerino, who some analysts consider the Army political spokesman, thus joined other government officials and politicians who have tried to reduce the existing tension provoked by the imminent Supreme Court decision in the case regarding Orlando Letelier's murder.

The Supreme Court must confirm or change a lower court decision issued by special Judge Adolfo Banados in November 1993 condemning General Manuel Contreras, former DINA [National Intelligence Directorate] director, to seven years' imprisonment and Brigadier Pedro Espinoza to six years' imprisonment as instigators of Letelier's assassination in Washington in September 1976.

Supreme Court President Servando Jordan also contributed to reducing tensions by announcing that the decision will probably be known next week, although without ruling out altogether that it might come out on 26 May, as defense and prosecution lawyers expect.

General Ballerino stressed to "Megavision" that the Army "does not have a choice but to respect the court decision"; otherwise, "we would be returning to the situation confronted by the Army in 1973, when court orders were not respected."

Ballerino stressed that the Army has already shown what it intends to do when it decided — during the military regime (1973-90) — to leave this case out of the amnesty law approved in 1978.

"Therefore, let us trust that justice will be served. The court will decide. Let us wait to hear what the court has to say. The decision must be respected, because otherwise we would be trampling upon the state of law," Ballerino stressed.

Meanwhile, diverse politicians, including Socialist Party Secretary General Gonzalo Martner, urged the population to pay no attention to rumors regarding eventual troop confinement to barracks over the weekend as a consequence of the court decision.

What is important is that the armed institutions have expressed their will to permit the courts to say what they must, which is not appealable, political leaders stressed, downplaying the nervousness that persists among the population.

President, Government Officials: Situation 'Normal'

PY2505041395 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 25 May 95

[FBIS Translated Text] Commenting on the imminent ruling on the Letelier case on 24 May, Secretary General of Government Jose Joaquin Brunner stated that no signal should be interpreted as a pressure. He asserted that relations existing between the government and the Armed Forces are normal.

[Begin recording] [Unidentified reporter] During a cabinet meeting presided over by President Frei today, cabinet members analyzed the repercussions of the president's 21 May speech [opening a new session of Congress], and studied a report submitted by the defense minister on matters pertaining to his portfolio.

Following this meeting, Brunner explained that the cabinet made the assessment that the situation confronting the country on account of Letelier's case is normal given the current circumstances. In light of the concern caused by the two meetings held by Army generals, Brunner pointed out that the Frei administration is well-informed about the Army's actions. He said:

[Brunner] The government conducts its institutional relations with the Armed Forces and security forces through normal channels. What one should avoid doing is engaging in this type of speculation, trying to create a seeming concern when in fact there in none. The government is absolutely at ease, as it deems that institutions are fully mature....

[Reporter, interrupting] The secretary general of government further stated that no sector has evinced an incorrect behavior by violating the Constitution, adding that according to the government, that is the only interpretation facts allow. Nevertheless, the foreign minister voiced concern about the fact that the image the country is projecting abroad is that of being in a turmoil. He said:

[Foreign Minister Jose Miguel Insulza] I am concerned about the international press coverage, but I repeat....

[Reporter, interrupting] What things?

[Insulza] There has been ample coverage of this issue, its implications, meetings.

[Reporter] He nonetheless said that as long as justice is done, there is no reason whatsoever to feel concerned about the country's image. Meanwhile, Public Works

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Minister Ricardo Lagos played down the remarks made by Senator Bruno Siebert to the effect that there was no state of war in Chile 20 years ago. [end recording]

President Frei, for his part, answered some questions about the meetings held by Army generals [during a news conference at Temuco airport on 24 May] with calmness and good humor.

[Begin recording] [Unidentified reporter] Mr. President, did you leave your house in order before coming to Temuco [words indistinct]

[Frei] It is my considered opinion that our house is in perfect order. There is no problem at all. Why, is there any problem? [Frei smiles]

[All reporters laugh]

[Reporter] Do you believe, Mr. President, that the Chilean people have the maturity....

[Frei, interrupting] I think that the country is mature enough and that we are going to assimilate this ruling [on the Letelier case] in a way that befits a mature democracy. And I reiterate the appeal I made before the joint session of Congress. [end recording]

Colombia

Government To Insist on Cooperation During Gelbard Visit

PA2505042295 Madrid EFE in Spanish 0220 GMT 25 May 95

[FBIS Translated Excerpt] Santa Fe de Bogota, 24 May (EFE) — The Colombian Government announced today it will insist on narcotics cooperation with the United States, the largest cocaine consumer in the world, during the visit by Robert S. Gelbard, assistant secretary for international narcotics matters, to Santa Fe de Bogota tomorrow.

Colombian Foreign Minister Rodrigo Pardo said Gelbard's 24-hour visit at the invitation of the Colombian Government "does not include a specific agenda. We do not have a specific program. What we do have is a very specific interest in strengthening cooperation," he said.

Gelbard, who last February strongly criticized the Colombian Government's operations against drug traffickers, was expected in the Colombian capital tonight, but the time of his arrival was kept secret for security reasons.

The official, who is traveling with the rank of ambassador, will meet with Colombian President Ernesto Samper and nine high-ranking officials during his 24-hour stay in Santa Fe de Bogota, which coincides with the intense pursuit of the Cali Cartel chiefs initiated two months ago.

"It is a general visit. A dialogue between the two countries is necessary. It must be a permanent, constructive dialogue so we can continue the fight against drug trafficking," Foreign Minister Pardo said.

He added that "in Colombia we believe the only way to fight drug trafficking effectively is through international cooperation, in this case with the United States, where most of the cocaine consumers are." He explained that Gelbard's trip "is aimed at exchanging opinions on ways to step up cooperation."

As for relations with the United States, which have weakened this year following proposals by U.S. congressmen who demand less support for and more results from Colombia, Pardo said "he would describe them as friendly. We want to work together."

"Both the United States and Colombia want less drug trafficking, less consumption, and less money laundering as the years go by," Foreign Minister Rodrigo Pardo said. The foreign minister added that "the Colombian Government seeks greater understanding of the Samper government's drastic policies. [passage omitted]

Government Announces Measures Against Contraband

PA2405150895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 23 May 95

[From the "Seven O'Clock Newscast"; speakers identified by caption]

[FBIS Translated Text] Contraband has caused the crisis faced by national industries such as textiles; for this reason strong measures to stop this crime were announced today.

The first measure taken by the government is the unification of efforts by the Finance and Defense Ministries, DIAN [National Customs and Tax Directorate], and military forces to fight contraband. While the Finance Ministry and DIAN will investigate suspected lawbreakers, the Defense Ministry and military forces will cooperate in coordinating and carrying out operations.

[Begin Defense Minister Fernando Botero recording] This is a way of controlling different evils within Colombian society, such as arms contraband, contraband of precursor chemicals, and of course money-laundering activities, because it is known that the contraband is used by the different drug cartels as a means of money laundering. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In order to implement these measures, the police force will be increased in ports and border zones.

[Begin National Police Director Rosso Jose Serrano recording] It is possible that in the future a special group will be set up. In addition, we are going to transmit our knowledge on intelligence to the other forces in order to hit contraband very hard. [end recording]

On the other hand, the Armed Forces announced that their role will be limited to providing logistical support when necessary.

[Begin Armed Forces Commander General Camilo Zuniga recording] The DIAN should continue seeking contraband through intelligence efforts. When charges are ready against groups, the military forces will provide the necessary protection. [end recording]

As an additional measure, the finance minister practically announced the elimination of the San Andresito Markets.

Vice President De la Calle Appointed Ambassador to Spain

PA2405123395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 May 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The political surprise of the year took place today. Vice President Humberto de la Calle Lombana was appointed ambassador to Spain.

This would not be surprising were it not for the fact that it is very strange at first glance that the second most important person in the country after the president is demoted to the rank of ambassador, even if that country is Spain.

Analysts believe the decision was due to the fact that the vice president does not have a well-defined job and because his relations with President Ernesto Samper are not very close. De la Calle talked about these two things during a news conference.

[Begin recording] [De la Calle] We have differences of opinion regarding certain points of the constitutional reforms. I believe this is not abnormal. I believe it is democratic, it is healthy to a certain point, to turn Madrid into the headquarters for diplomatic work in Europe, especially by taking advantage of the fortunate circumstance that Spain will assume the presidency of the European Union in June.

I am not the one called upon to bureaucratically defend the vice presidency. I believe the debate is healthy and must continue. I am not absolutely disturbed by this appointment. I will continue to defend my ideas here and abroad; therefore, the fact that I will serve abroad will not prevent me from giving my opinion on constitutional topics. I will continue to point out those things that are advisable for Colombia. The country needs to maintain a spirit of renewal in the field of diplomacy, as the president is the one who directs Colombian diplomacy through the Foreign Ministry. I am naturally not going to become a rebel or violate the usual channels.

I have excellent official and personal relations with Foreign Minister Rodrigo Pardo. [end recording]

Peace Commissioner: FARC Communique 'Nothing New'

PA2405134295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 23 May 95

[From the "Seven O'Clock Newscast"; recorded speakers identified by caption]

[FBIS Translated Text] The government, through the Office of the High Commissioner for Peace Carlos Holmes Trujillo, made it clear that the communique made public by the news media as the FARC [Revolutionary Armed Forces of Colombia] response is genuine, but it was sent before the president's speech in Bucaramanga.

Here is Daniel Garcia-Pena, high commissioner for peace adviser.

[Begin Garcia-Pena recording] When you read the content of what was said in the radio station and compare it to the text we received last week at the office we realize we are talking about the same old communique and nothing new. [end recording]

Meanwhile President Samper said he is waiting for a statement from the FARC to begin the talks.

[Begin Samper recording] As soon as they unequivocally express their desire for peace, the government will fulfill the commitment I made last Thursday in Bucaramanga in the sense of demilitarizing the Uribe Region. [end recording]

The government announced that contacts with ELN [Army of National Liberation] spokesman Francisco Galan [Gerardo Bermudez Sanchez], who is in the Modelo jail, will be made initially through advisers of the high commissioner for peace.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Peru

Reportage on Alleged Shining Path Bomb Attack

Lima Hotel Attacked; Dead, Wounded

PY2405113095 Madrid EFE in Spanish
1055 GMT 24 May 95

[FBIS Translated Text] Lima, 24 May (EFE) — According to first reports released by the police, four persons died in an early morning car-bomb attack on the Maria Angolas Hotel, in the Miraflores District of Lima.

Radioprogramas del Peru attributes the attack to the Shining Path terrorist gang. It took place at 0435 local time today Wednesday (0935 GMT).

It seems that the number of wounded amounts to some 20 persons, who were in the casino of the hotel on the ground floor.

More Explosions in Lima

PY2405113595 Madrid EFE in Spanish
1106 GMT 24 May 95

[FBIS Translated Text] Lima, 24 May (EFE) — Presumably there were two other explosions in different places early this morning in downtown Lima. These explosions came after the detonation of a car bomb that partially destroyed the Maria Angola Hotel, in the Miraflores district.

Lima radio stations have reported that for the time being it is not known if these two explosions were caused by car bombs, nor is it known if there are any victims.

Five Dead, 20 Injured in Explosion

PY2405121295 Madrid EFE in Spanish
1133 GMT 24 May 95

[FBIS Translated Text] Lima, 24 May (EFE) — According to first reports by the police, five people were killed and about 20 injured during a car-bomb attack on the Maria Angola Hotel in the Miraflores district of Lima.

The attack, which is believed to have been perpetrated by the Shining Path, occurred at 0435 today (0935 GMT), according to Radio Programas del Peru.

At least 20 people seem to have been injured. They were in the casino of the hotel, on the ground floor.

The attack came minutes after eight armed individuals wearing hoods entered the casino and ordered the 30 or so people inside to lie on the floor.

The attackers threatened casino employees and tried to open the safe. They failed, and left the building.

Immediately after they left, the car-bomb exploded destroying the ground floor of the hotel and several cars parks nearby.

The power of the bomb created panic in the Miraflores district which was quite quiet due to the night hours.

The first police units, fire fighters, and ambulances arrived a few minutes later to rescue the wounded, more than 20.

The number of dead could increase in the next few hours as the debris is removed.

The police have reported that of the five people killed, two were hotel guards, another was in charge of the tables, and the other two were clients.

Three Suspects Reportedly Arrested

PY2405155795 Madrid EFE in Spanish
1258 GMT 24 May 95

[FBIS Translated Excerpt] Lima, 24 May (EFE) — At least five people were killed and about 50 wounded early this morning as the result of a car-bomb explosion that partially destroyed the Maria Angola Hotel in the Miraflores district of Lima. [passage omitted]

Minutes after the explosion, some radio stations reported that at least two other explosions had occurred at various points in downtown Lima, several kilometers from the Maria Angola Hotel, but the police denied these reports.

Police sources told the media that the car bomb could have contained as much as 100 kg of explosives.

This attack, which is believed to have been carried out by the Shining Path, took place only dozens of meters from Tarata Street, where in 1992 a car bomb placed by the Shining Path killed 20 people and wounded dozens.

According to the latest still unconfirmed reports, three individuals, two men and one woman, have been arrested as suspects in the bombing.

The images from the first television newscasts show the chaos in the area where the Maria Angola Hotel is located.

Arrest of 1 Suspect Confirmed

PY2405162795 Lima America Television Network in Spanish 1514 GMT 24 May 95

[FBIS Translated Text] We have additional information on the bomb attack in Miraflores district. A man who was identified as (Santiago Najarro Como) has been detained. He is one of those detained. He was captured running from the site right after the explosion.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He will be put under the jurisdiction of Dincote [National Counterterrorism Directorate] in the next few hours.

Resurgence of Shining Path Feared

PY2405190795 Madrid EFE in Spanish 1738 GMT 24 May 95

[By Victor Robles]

[FBIS Translated Text] Lima, 24 May (EFE) — The car-bomb attack perpetrated today against the "Maria Angola" hotel-casino in Lima has shocked Peruvian society, which is witnessing in a terrifying manner the apparent strong return of the Shining Path terrorist group.

More than the magnitude of the explosion, the attack has appalled the public because no action of this nature had taken place in Lima for the past three years, and because it had been believed that terrorism was no longer in a position to carry it out.

According to all analysts, in comparing this to other car-bomb attacks perpetrated by Shining Path up to 1992 today's attack, which killed five people and injured at least 60 others, was by far less destructive.

The most destructive attack, recorded on 10 June 1992 only 100 meters away from the "Maria Angola" casino-hotel on Tarata Street, which is today called "Boulevar de la Paz," destroyed several apartment buildings and caused the deaths of 30 people and injuries to 200.

The blast of today's car bomb, which went off at 0435 local time (0935 GMT), echoed throughout most of the city and awakened to a state of shock the inhabitants of Lima, who have not heard an explosion like that for some time.

The images transmitted immediately afterwards by television from the place of the attack, especially the bodies of the victims, some of which were torn to pieces, astonished the citizens even more.

Two of them were the hotel's security agents; another was a young 24-year-old woman employed by the casino, who had gotten married only a month ago.

A week before the attack, psychologist and journalist Raul Gonzalez had warned that Shining Path was doomed to become a terrorist group like the Basque terrorist organization ETA, "that is, without any chance of reaching power and dedicated exclusively to terrorism" with attacks such as that recorded early this morning.

The first reactions from public figures in the wake of the attack were of unanimous rejection, with demands for capital punishment for the terrorists.

Attorney General Blanca Nelida Colon was the first to demand that severe punishment. She was visibly astonished upon personally ordering that the bodies of the victims be taken away.

Capital punishment is possible according to the 1993 Peruvian Constitution, but has not been implemented so far because Congress has not yet passed the laws to regulate it.

Several congressmen today proposed to submit capital punishment to debate so that it can be imposed on the perpetrators of the attack on the "Maria Angola" hotel.

Former Army Commander Gaston Ibanez attributed the attack to the fact that "the guard has been lowered" in the battle against terrorism, and added that "while there is a single terrorist at large we must be prepared to face them."

He criticized, therefore, the pressures imposed by the political opposition on the "faceless" military courts that try those accused of terrorist actions, and the government for having annulled the "repentance law," which has made possible the surrender of some 6,000 subversives.

Ibanez' opinion was supported by John Caro, former chief of the anti-terrorist police (Dincote), who said that "we must all be aware that the war has been won but that it has not ended."

Caro said that society has disregarded the war "in the ideological field," and that "unless the subversives are attacked in that field, terrorism will continue attracting followers."

The attack on the hotel-casino was perpetrated exactly one week after the 15th anniversary of the "beginning of Shining Path's armed struggle," and after 14 terrorists had been sentenced to life imprisonment in a period of two weeks.

Another rumor has been circulating among press circles that the attack was perpetrated by a new terrorist group that seeks to destabilize the government to stop the current moralization process.

This rumor is based on the fact that, according to eyewitnesses, the perpetrators of the attack did not shout slogans of the Maoist group during its incursion, and left no propaganda material from that armed group.

Congress Condemns Terrorist Action

PY2405191495 Lima Radio Programas del Peru Network in Spanish 1700 GMT 24 May 95

[FBIS Translated Text] Congress today strongly condemned the terrorist action early this morning on the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

sixth block of La Paz Avenue, Miraflores District, during which four people were killed and many others were injured. The incident caused considerable property damage.

We urge the executive branch to reevaluate its methods of fighting terrorism, considering the current events which show this force has not yet been defeated; to redouble its intelligence efforts and the psychosocial campaigns to isolate and defeat the terrorist organization; and to admit that national pacification will be the result not only of the political and military defeat of the Shining Path but of the eradication of misery and of a national reconciliation policy.

We also urge the people and the national and civilian defense system to stay alert to rapidly respond to this type of actions.

Dincote Identifies SL Members

PY2505004095 Lima Radio Programas del Peru Network in Spanish 0005 GMT 25 May 95

[All names rendered phonetically]

[FBIS Translated Text] Dincote [National Counterterrorism Directorate] has reported that Santiago Najarro Sedot, Daniel Carita Calderon, and Modesto Carita Velazquez, arrested after the attack on the Maria Angola Hotel in Miraflores, are members of the Shining Path [SL] annihilation squad.

Dincote added that three other subversives of the eight that took part in the attack on the Maria Angola Hotel have been identified.

Dincote Arrests Red Path Members

PY2505030695 Lima America Television Network in Spanish 0100 GMT 25 May 95

[Report by Martin Calderon, from the "Front Page" newscast]

[FBIS Translated Excerpt] [Passage on previously covered material omitted] It has been learned that the police have arrested three of those responsible for this terrible attack. They have been identified as Santiago Najarro Cedo, Daniel Carita Calderon, and Modesto Carita Velazquez.

According to Dincote [National Counterterrorism Directorate], all of them are members of the Red Path annihilation squad. Red Path is led by Comrade Feliciano.

It has been learned that another three of the eight persons responsible for this attack have also been identified.

This incident serves to remind us all that terrorism is not completely defeated. So far this year, 130 people have died because of terrorist violence. The total pacification of the country is near. Nevertheless, there is still a lot to be done.

Seven Americans Guests at Hotel Reported Safe

PY2505011595 Lima Radio Programas del Peru Network in Spanish 2230 GMT 24 May 95

[From the "La Rotativa del Aire" program, hosted by Alvaro Ugaz]

[FBIS Translated Text] Legal Defense Director Ernesto de La Jara has said that the attack on the Maria Angola Hotel, in which four [number as heard] persons were killed and 30 injured, is an isolated terrorist incident perpetrated after the defeat of the main Peruvian subversive groups. In addition, he categorcially repudiated the criminal action against a defenseless civilian population.

Latin American legislators attending the Third Session of the Latin American Parliament Subregional Affairs Group have condemned the terrorist attack, perpetrated before dawn today.

In addition, the seven American citizens who were lodged at the Maria Angola Hotel, which was the target of a terrorist attack, are in perfect health. They have been transferred to other hotels, and they will probably remain in the country, as they had originally planned.

The following is a report from La Paz Avenue in Miraflores District by Carlos Alvarado Chavez:

[Chavez] The following is a communique issued by the Miraflores City Hall entitled: Peace and Unity

In view of the despicable terrorist attack committed on La Paz Street, which killed innocent Peruvians; injured dozens of people; and caused damage to hotels, buildings, and residences, the Miraflores City Hall categorically rejects the cowaradly attack.

It also urges all Peruvians to continue working for peace and unity, which is the only path that will allow us to achieve the stability of the country and the definitive defeat of anti-Peruvian groups.

This attack seeks to promote insecurity, prevent foreign and national investments, undermine tourism, cause unrest, and harm Peru's image abroad.

We call on all Lima residents and all Peruvians to be alert and continue working for the fatherland. We must strengthen democracy and freedom, which is the basis of civilized and modern society. The path to achieve

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

these goals is through unity and the constant search for peace.

No to death, no to terror. Yes to life, yes to peace.

Signed: Alberto Andrade Carmona, Miraflores mayor.

The following is an assessment made by Andrade Carmona regarding the damage and the victims resulting from this morning's terrorist attack:

[Begin recording] [Andrade Carmona, in progress] ...for this purpose, squads of municipal workers equipped with machinery were present at the site of the attack.

We have already assessed the damage in the area and established that 150 sites have been damaged. Most of them have suffered slight damage, such as broken windows and doors.

With the exception of the Maria Angola Hotel, no major damage has been reported.

Right now, Councilman Ricardo Duarte is meeting with one of the owners of the Maria Angola Hotel, Mr. Richie. We have offered him the support of the Miraflores City Hall and the Peruvian Hotel and Restaurant Association to make the hotel operational once again within 72 hours.

We believe this response is necessary to counteract the alarming reports that have been disseminated abroad, which undermine the image of Peru, and the image of Miraflores and Peruvian tourism. We hope to have the hotel back in operation 72 hours after the hotel owner accepts our offer. We will be working day and night to put the hotel back in normal operating condition and thus show that we are able to restore normal conditions as soon as possible.

We also want to thank firemen for their participation, the social security personnel [words indistinct] which has been supporting us and the national police, and, in particular, the Miraflores residents, who have offered their wholehearted cooperation through the civil defense department.

I am now available for questions:

[Unidentified reporter] Mr. Mayor [words indistinct]

[Andrade Carmona] We have not made an assessment of the damage. We are studying the situation.

[Reporter] Has it been established that Shining Path is responsible for the attack?

[Andrade Carmona] The police are investigating the situation. Those arrested have been placed at the disposal of the police. I have met with the 7th Region police chief, and he told me that they are conducting an investigation to establish who was responsible for this terrorist attack.

[Reporter] How many victims [words indistinct]

[Andrade Carmona] There are four, and a total of 30 injured persons. There are not hundreds of injured. Hotel owners have received phone calls from abroad asking them whether the international airport is operating. Imagine how this information is reported abroad.

[Reporter] Are any of the injured in critical condition?

[Andrade Carmona] One of them was seriously injured. He has died. Originally, three people died, and now the number has increased to four. The other people sustained minor injuries. [end recording]

[Chavez] This is part of the news conference held by Miraflores Mayor Alberto Andrade Carmona and El Salvador Councilman Cesar Augusto Soplin.

Eight Arrested; Being Held by Dincote

PY2505015395 Lima America Television Network in Spanish 0100 GMT 25 May 95

[FBIS Translated Excerpt] Eight terrorists were responsible for the attack perpetrated early this morning. All of them are under arrest at the Dincote [National Counterterrorism Directorate], but only three have been fully identified. One of them is Santiago Najarro.

The following is a report by (Mariela Patrio):

[Begin (Patrio) recording] The Marazul Building, on the 15th block of Malecon Cisneros, was Santiago Najarro Cedo's workplace for more than one year. He is one of those responsible for this morning's attack on the Maria Angola Hotel in Miraflores.

Najarro worked at the Marazul Building from 15 March 1994 as a Proserge Security Company watchman. After eight months, he was hired as a doorman. [passage on Najarro's work habits omitted] [end recording]

Conflicting Reports Noted; Shining Path Blamed

PY2405192395 Madrid EFE in Spanish 1728 GMT 24 May 95

[By Francisco Osaba]

[FBIS Translated Text] Lima, 24 May (EFE) — The explosion of a car bomb early this morning that destroyed the Maria Angola hotel-casino in Miraflores district has so far left five people dead and 64 wounded.

Fire fighters and the Red Cross are not discarding the possibility of finding more bodies as the debris is removed from the casino, which is located in the ground floor mainly affected by the explosion.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

According to witnesses of the attack, which is believed to have been perpetrated by Shining Path, the bombing occurred at 0435 local time (0935 GMT), minutes after eight men wearing hoods entered the casino and took shots at a security guard, who repelled the attack but was able to escape.

From then on the reports are contradictory, because some clients of the casino told the police that the attackers tried to steal the safe, but fled after having failed to do so.

Others said that after shooting at the guard and in the air the men shouted terrorist slogans and quickly left.

What did happen is that right after they left the car bomb exploded, completely destroying the ground floor of the building and practically the entire two first floors of the hotel, which has 10 floors.

According to the police the car bomb contained about 100 kg of explosive material.

About 60 people, including employees and clients, were in the casino when the bomb exploded. There were about 200 people sleeping in the hotel, which has 170 rooms according to hotel management.

The explosion was so powerful that it awakened and alarmed the 500,000 people who live in the Miraflores district.

The explosive wave destroyed about 20 vehicles parked on the commercial La Paz Avenue. It also broke pipes, windows, and roofs. Not a single window for two blocks survived the explosion.

The explosion also killed five people — two guards, one casino employee, and two clients — and caused serious wounds to some clients, and lighter wounds to the hotel customers sleeping in the lower floors of the hotel, because of the shattered glass.

The first police units, firefighters, and ambulances arrived a few minutes after the explosion to rescue the more seriously wounded and to find four people dead.

The fifth victim, a casino employee in charge of the gambling tables, 24 years of age, was buried under the debris. Firefighters were able to rescue her three hours later.

After the attack some radio stations reported that at least two explosions had occurred in various points of downtown Lima a few kilometers from the Maria Angola Hotel, but later the police denied the report.

Apparently the great echoes of the explosion that destroyed the hotel made people believe other attacks had taken place.

This attack, which is believed to have been perpetrated by Shining Path, occurred dozens of meters from Tarata Street, where in 1992 Shining Path destroyed with a car bomb several buildings, killed 30 people, and wounded dozens.

Early this afternoon the police confirmed that an unidentified young woman had been detained as a suspect on the street adjacent to the Maria Angola Hotel.

Peruvian officials accused Shining Path of being responsible for the attack. This organization has not attacked with a car bomb since 1992.

Shining Path was founded 15 years ago on 17 May by philosophy professor Abimael Guzman, who has been serving a life sentence since 1992.

According to officials, in the 15 years since its creation Shining Path has been responsible for the deaths of 25,000 people.

Uruguay

Foreign Minister Discusses Energy Integration in Brazil

PY2405123995 Montevideo EL OBSERVADOR ECONOMICO in Spanish 16 May 95 p 5

[FBIS Translated Text] The public electricity companies of Brazil (Electrobras) [Brazilian Electric Power Company, Inc] and Uruguay (UTE) [General Administration of State Electric Power and Telephones] will intensify their contacts to define, in the short term, the implementation of two important energy interconnection projects between the two countries.

Foreign Minister Alvaro Ramos confirmed the news to EL OBSERVADOR ECONOMICO, from Brasilia, after a meeting yesterday with President Fernando Henrique Cardoso and his Brazilian counterpart Luiz Felipe Lampreia. The meeting marked the beginning of Ramos' official three-day visit to Brazil.

The two projects under study are the installation of a double electric current converter in Rivera and the installation of a 300 to 500 kw high voltage line between the Uruguayan city of San Carlos (Maldonado) and the Rio Grande do Sul city of Presidente Medici.

Ramos said that the Uruguayan Government is contemplating financing the projects with public works franchises. The high voltage lines have an initial cost of $100 million.

Meeting with Lampreia

Ramos said that during his meeting with Foreign Minister Lampreia the Brazilian official expressed his

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

deep gratitude over Uruguay's position at the Mercosur [Common Market of the South] meeting to approve the Brazilian proposal to increase the list of exceptions to the Common External Tariff.

Minister Ramos, in turn, transmitted the Uruguayan Government's wish "to maintain certain levels of access to the Brazilian market" despite the consumption restrictions that are being implemented to strengthen the Real Plan.

Ramos told EL OBSERVADOR ECONOMICO that issues referring to common environmental policies in the Merin Lagoon and Cuareim River basins, as well as border policy in general, will be analyzed during meetings in June and August of this year.

The two countries' experts will meet in Chuy during June. This meeting will be followed by a meeting between the two countries' foreign ministers in Rivera during August to sign and exchange reversal notes.

Pleasure for Menem

Ramos said that during his meeting with Cardoso and Lampreia the three officials agreed that Argentine President Carlòs Menem's electoral victory was "very positive." According to Ramos, "from the point of view of the region's integration Menem's reelection is a sign that current Argentine economic policies will continue."

Today Ramos will be in Sao Paulo for a meeting with entrepreneurs. The minister will try to learn the local degree of information on Uruguayan production. He will also check the possibility of Sao Paulo capital investments in our country.

Socialist Party Wins Majority in Leftist Coalition

PY2505040695 Montevideo BUSQUEDA in Spanish 11 May 95 pp 6, 7

[FBIS Translated Excerpt] According to preliminary figures obtained by BUSQUEDA, the Socialist Party (PS) won nearly 32 percent of the votes in the 7 May Broad Front grass roots delegates election and became the largest group in the coalition. The PS representation in the coalition's leadership more closely approached the Uruguay Assembly (AU) representation, which this time obtained only 7 percent of the votes for their militants.

Nearly 60,000 voters participated in the election of the 72 grass roots representatives for the National Plenum, which has a total of 150 members. A total of 34,657 individuals voted in Montevideo, and 17,532 of them were affiliated at the time they cast their votes. The Broad Front has some 65,000 historical members, according to the electoral register, which has not been updated. The percentage of participation was not as large as expected by the leadership.

Delegates identified with the Communist Party of Uruguay (PCU) and the Party for the People's Victory (PVP) together also received strong support — close to 22 percent. More orthodox groups such as the People's Participation Movement (MPP) and Unir [expansion unknown] only received nearly 7 percent of the total.

Leaders from the Artigaist Sector (VA) and the Independent Democratic Left obtained around 11 percent each.

Moderate Victory

These provisional figures, added to the results of the November internal election to choose the 72 Broad Front political group representatives, left the coalition's moderate wing in control with a representation that is very close to the two-thirds necessary to approve resolutions. [passage omitted]

Venezuela

Government Postpones Signing of Anti-Inflation Pact

PA2505010595 Caracas Venezolana de Television Network in Spanish 1550 GMT 24 May 95

[From "The News" newscast]

[FBIS Translated Text] The government has postponed until 29 May the signing of a letter of intent which will establish the country's commitment to the fight against inflation.

Development Minister Werner Corrales said the government decided to change the date because it wanted to provide better facilities for all sectors signing the pact as well as to give more time to representatives of organizations from the countryside, thereby increasing the importance of the event. The minister said postponing the signature until 29 May should not be a problem.

[Begin Corrales recording] One of the greatest contributions of an agreement like this is that it reduces negative expectations. Such agreements actually build positive expectations based on two things: the proven fact that Venezuelans are able to reach agreements, and the fact that with everyone's help, we can reduce inflationary pressure, which comes from many directions. Pressure sometimes is a result of government actions, but it is also a result of consumer expectations for prices and demand. The agreements should immediately help create positive expectations. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 362
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.